



# Compliance Program Charter

**ETHICS CONNECTS US**

**DECEMBER 2021**

Living Our Purpose  
and Core Values

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# Our Code, Our Commitment

## ETHICS CONNECTS US

The foundation of our Company is built on the basic principles of good business behavior.

# 1.0

## Policy Statement on “Code of Ethics and Conduct”

### 1.1 General Policy

Health Care Service Corporation, a Mutual Legal Reserve Company (“HCSC”), is founded on basic principles of good business behavior. Among these principles is a commitment to the highest standard of business ethics and integrity, and strict observance of and compliance with applicable federal, state and local laws (“Applicable Laws”), and the regulations, sub-regulatory guidance and Qualified Health Plan Issuer Agreement governing our offering of qualified health plan benefit coverage (“Exchange requirements”), as well as laws and regulations governing the business operations of HCSC and its majority-owned (greater than 50%) subsidiaries (“Subsidiary” or “Subsidiaries”) (referred to herein collectively as the “Company”).

HCSC demands that all members of HCSC’s Board of Directors, any Subsidiary Board of Directors, Company employees and contingent workers (“workers”) adhere to the highest legal and ethical standards to ensure and reinforce the Company’s status as a responsible corporate citizen and to maintain the public trust in the Company’s honesty and integrity.

In order to affect HCSC’s commitment to the highest legal and ethical standards and establish an environment that promotes legal and ethical behavior, HCSC has adopted this Compliance Program Charter



which sets forth the framework of HCSC's Compliance Program (hereinafter the "Compliance Program") and includes:

- The "Code of Ethics and Conduct" attached as Appendix A ("the Code");
- Healthcare Criminal and Civil Penalties attached as Appendix B;
- Non-Retaliation Policy attached as Appendix C;
- Corporate Records and Information Management and Legal Hold Policies attached as Appendix D;
- Government Programs Policies attached as Appendix E;
- The Vendor Code of Ethics and Conduct attached as Appendix F ("the Vendor Code");
- The Code of Ethics and Conduct for Directors attached as Appendix G; and
- The Code of Ethics and Conduct for Subsidiary Directors attached as Appendix H.

In designing the HCSC Compliance Program, consideration was given to the standards set forth in:

- Chapter 8B2.1 of the Federal Sentencing Guidelines (Effective Compliance and Ethics Program);
- The United States Health and Human Services Office of Inspector General ("OIG");
- U.S. Department of Justice ("DOJ") and Centers for Medicare and Medicaid Services ("CMS") guidance documents;
- OIG Corporate Integrity Agreement (CIA); and
- Applicable compliance program requirements or regulations applicable to HCSC's business.

**The Code** incorporates the Company's core values of **integrity, respect, commitment, excellence** and **caring**.

These core values are the foundation of the requirements of the Code, all Company policies, procedures and corporate standards and the behavioral expectations for every worker of the Company. The Code is intended to reinforce, on a day-to-day basis, the Company's commitment to an ethical and legally compliant working environment that maintains the Company's high standards for integrity and honesty. The Compliance Program is thoughtfully designed to deter the occurrence of unethical or unlawful behavior, to detect as early as possible such behavior whenever it occurs, to provide mechanisms to appropriately disclose such behavior to authorities and to actively and fully cooperate in any investigation or regulatory inquiry. This includes an annual review of the Code by the Ethics and Compliance Department, Government Programs Compliance and the Legal Division to ensure the Code is kept current with best practices and all Applicable Laws and regulations.

Under certain of its contracts, the Company provides services to various agencies of federal, state or local governments as either a prime contractor or a subcontractor. The Company is committed to full and comprehensive compliance with all its contractual obligations regarding these services, including but not limited to, adopting specific policies, procedures and corporate standards for all employees who work on such contracts, providing appropriate training and resources and operating an effective compliance program in regard to such contracts.

As a resource to all aspects of our business, Appendix B hereto identifies many of the Applicable Laws and regulations which affect the business of the Company and with which the Company requires compliance by its Directors, workers, producers and vendors. In addition, the Company must also comply with a variety of other state and local laws and regulations which have not been captured in Appendix B. It is important to consult with the Legal Division when

interpreting new laws and regulations or when trying to reconcile laws that appear to conflict or are otherwise unclear. You may also consult with the Ethics and Compliance Department for assistance in making good faith determinations about the best way to comply with legal and regulatory requirements.

## 1.2 Detailed Policies, Procedures and Corporate Standards

**General.** The Code sets forth the fundamental legal and ethical principles for conducting all aspects of Company business. Detailed Company policies, procedures and corporate standards for conducting business are contained in the Corporate Policy Manual ("CPM"), Human Resources Policies, the Information Security Policies and other Divisional policies and procedures.

While each worker may not have a personal copy of each of these resources, the Chief Ethics and Compliance Officer ("CECO") shall coordinate with management to ensure that all workers have open access to the Corporate Policy Manual, the Human Resources Policies, the Information Security Policies and specific policies and procedures related to their duties and responsibilities and that all employees receive periodic notification as to the location of such resources. These resources may be posted on HCSC's intranet site.

**Government Programs.** In addition to the Company's policies, procedures and corporate standards, Compliance programs and policies, procedures and corporate standards governing individuals who perform services pursuant to one or more Government Programs have also been adopted (Government Programs Compliance Policies and Procedures). Such Government Programs Compliance Policies are included as Appendix E of this document. Government Programs Compliance Procedures are maintained by the Government Programs Compliance Officer and are posted on HCSC's intranet site.



# 2.0

## Designation and Administration of the Compliance Program

### 2.1 HCSC Board of Directors

The HCSC Board of Directors has adopted and will support and monitor the implementation of this Compliance Program Charter, including the Code and the Vendor Code (referred to herein collectively as the “Compliance Program”). The Compliance Program demonstrates the Company’s commitment to full and comprehensive compliance with all Applicable Laws and regulations, Exchange requirements and contract terms and conditions, including, without limitation, the Company’s obligation under Medicare Advantage [including Dual Eligible Special Needs Plans (D-SNPs)], Medicare Part D, Medicare-Medicaid Plans (MMPs), Medicaid and/or Government Sponsored Children’s Health Insurance Program (herein “CHIP”) contracts (hereinafter collectively referred to as “Government Programs”). At least annually, the HCSC Board of Directors shall review the Compliance Program and shall ratify or amend the Compliance Program to account for changes in Applicable Laws, regulations, guidance and otherwise as appropriate.

### 2.2 Audit & Compliance Committee of the HCSC Board

**General.** The Audit & Compliance Committee of HCSC’s Board of Directors (hereinafter the “Board Audit & Compliance Committee”) is comprised of at least three (3) members of the HCSC Board of Directors, none of whom is employed by the Company or its affiliates.

**Responsibilities.** The Board Audit & Compliance Committee is responsible for maintaining strong Board of Director involvement in ensuring that HCSC has a robust and effective Compliance Program. The Committee and the CECO shall maintain close communications among themselves (see 3.3) and with the HCSC Board of Directors and shall address and review matters concerning or relating to the Compliance Program so that it can take appropriate action or make appropriate recommendations for Board action. The Board Audit and Compliance Committee shall play a role in the hiring, evaluation and compensation of the CECO. Because the compliance officers must be free to raise compliance issues without fear of retaliation, the Board Audit & Compliance Committee must provide its approval before the CECO, the Executive Director Corporate Compliance and/or the Government Programs Compliance Officer can be terminated from employment.

**Duties.** In carrying out its responsibilities under the Compliance Program, the Board Audit & Compliance Committee shall:

- Provide sufficient opportunity for the members of the HCSC Board of Directors to be briefed regularly in an appropriate manner on the Company’s compliance with Applicable Laws and regulations, terms and conditions of Government Contracts and the Compliance Program;
- At least annually, review the Compliance Program and present the Compliance Program Charter and any changes or amendments thereto to the HCSC Board of Directors for approval, which approval must be granted before any such changes and amendments, including the Compliance Program reporting structure and lines of communication set forth herein, take effect;
- Provide oversight and support the implementation, administration and continuing operations of the Compliance Program;

- Receive regularly scheduled, periodic updates from the Compliance Officers, including the minutes of the Government Programs and Corporate Compliance Committees relating to education, training, communication and any other matters relating to the Compliance Program, to ensure that Company policies, procedures and corporate standards on compliance are properly disseminated, understood and followed;
- Remain informed about governmental compliance program and enforcement activity, such as Notices of Non-Compliance, Warning Letters and/or more formal sanctions;
- Review the results of performance and effectiveness assessments of the Compliance Program; and
- Recommend to the HCSC Board of Directors such measures and actions, as may be appropriate, to assist the Company in fully complying with all Applicable Laws and regulations, Exchange requirements, terms and conditions of Government Contracts and the Compliance Program.

## 2.3 HCSC Chief Ethics and Compliance Officer

**Appointment and Reporting Structure.** HCSC's Senior Vice President – Compliance, Audit Services, Special Investigations and Privacy (CASSIP) shall serve as HCSC's Chief Ethics and Compliance Officer and the Civil Rights Coordinator. The CECO shall be a member of senior leadership and is responsible for administration of the Compliance Program for the Company. The CECO defines the Program structure, educational requirements, reporting and complaint mechanisms, response and correction procedures and compliance expectations of all personnel and vendors. The CECO shall report to the Board Audit and Compliance Committee and the HCSC Chief Executive Officer. Any changes to the reporting relationship must be pre-approved by the Board Audit and Compliance Committee.

**Authority.** The CECO shall have the authority to review all documents and other information the CECO believes is relevant to the Company's compliance activities. The CECO shall be independent and has express authority to provide unfiltered, in-person reports at their discretion to the Board Audit & Compliance Committee and to communicate promptly and personally to the Board Audit & Compliance Committee on any matter involving criminal conduct or potential criminal conduct. The CECO shall promptly report to the Chair of the Board Audit and Compliance Committee any attempt to filter, edit or alter Compliance reports. If a serious issue reported by the CECO is not adequately addressed by Senior Management, or if a matter directly involves a senior officer of the Company, the CECO shall promptly notify the Chair of the Board Audit & Compliance Committee and, if warranted, promptly initiate an independent investigation. Further, the CECO shall have full authority to stop the submission of data that they believe may violate any applicable authority until the issue in question has been resolved to the CECO's satisfaction.

In addition to the above, the CECO shall have the authority to or may delegate the authority to:

- Interview employees and other relevant individuals regarding compliance issues;
- Review contracts and other documents;
- Review the submission of data to ensure that it is accurate and in compliance with reporting requirements;
- Independently seek advice from outside legal counsel;
- Report potential Fraud, Waste and Abuse (FWA) to designated agencies or law enforcement;
- Conduct and/or direct audits and investigations of any area or function; and
- Recommend policy, procedure and process changes.



**Duties and Responsibilities.** The duties and responsibilities of the CECO include the following:

- Serve as Chair of the Corporate Compliance Committee (see Section 2.4).
- Design and direct the implementation, administration and operation of the Compliance Program to effectively detect and deter violations of Applicable Laws and regulations, Exchange requirements, terms and conditions of Government Contracts, or the Compliance Program by the Company's Directors and employees.
- Direct the development of and participate in regular, multifaceted communication, educational and training programs to ensure all Directors and workers are knowledgeable about and comply with the Compliance Program, all Applicable Laws and regulations and Exchange requirements, including, as applicable, the terms and conditions of the Company's Government Contracts.
- Ensure, by coordinating with management, that consultants, contractors, vendors and producers are aware of the Company's Compliance Program and with the Company's expectation that they will comply with the Program's requirements when performing contractual functions. Further coordinate with management to determine whether and to what extent a vendor or producer is subject to the training requirements of the Compliance Program.
- Regularly report all significant issues and risks relating to compliance with the Compliance Program, Applicable Laws and regulations, Exchange requirements and Government Contracts directly to the HCSC President and Chief Executive Officer and the Board Audit & Compliance Committee. At least annually, the CECO shall meet with the Board Audit & Compliance Committee in executive session to report on the operation and efficacy of the Program and to respond to any questions the Committee raises.

- Ensure that workers receive communications that emphasize HCSC's commitment to compliance with all Applicable Laws, regulations and Exchange requirements; that the Code is available to all workers; and that various means to communicate with the CECO are available to all workers.
- Establish and oversee readily accessible communication channels, including a **24/7 HOTLINE**, through which anyone can confidentially (subject to legal limitations) and without fear of retaliation, raise questions or concerns or report possible Compliance Program violations.
- Maintain documentation of all calls received by the **HOTLINE**; maintain a record of all allegations that may constitute a violation of the Compliance Program, Applicable Laws or regulations, Exchange requirements and the terms and conditions of Government Contracts; conduct a timely preliminary review and, if necessary, an internal investigation, of any credible allegation of misconduct received.





- Evaluate, as appropriate, any calls received on a separate fraud hotline established for vendors, providers, consultants, contractors, producers and beneficiaries to report suspected health care fraud and abuse or other misconduct to HCSC. The operation of this hotline shall be the responsibility of the Vice President - Special Investigations. Any calls received on this hotline that credibly allege a material violation of criminal or civil law by HCSC shall be referred to the CECO, including, without limitation, those calls relating to its Government Programs, and Exchange requirements, dealing with health care fraud and abuse.
- Work with the Vice President – Internal Audit Department and external auditors, as necessary, to ensure effective communication and implementation of programs to audit, monitor and validate adherence with the Compliance Program.
- Work with the Vice President of Special Investigations, Executive Director, Corporate Compliance and Director of Corporate Protection and Security to ensure effective coordination of programs and issues involving corporate security of HCSC personnel and assets and related investigations. Any reports received or information developed by Corporate Protection and Security that credibly alleges or may indicate a material violation of criminal or civil law by HCSC shall be referred to the CECO, including, without limitation, those matters related to its Government Programs, dealing with health care fraud and abuse.
- Review with the Chief Legal Officer and President and Chief Executive Officer the report of responses to the Company's conflict of interest questionnaire as prepared by the Ethics and Compliance Department's Investigations Team. The report shall summarize the conflicts of interest process, including the number of disclosures and resolution of potential and actual conflicts. A summary of the report shall be further provided to the HCSC Board of Directors.

- Work with the Human Resources Department to ensure:
  - The effective coordination of workforce related issues that are brought to the attention of the CECO;
  - That discipline is enforced in a manner that is appropriate, consistent and equitable;
  - The maintenance of the Company's exit questionnaire program that includes questions regarding whether an exiting employee observed any violations of the Compliance Program including the Code, as well as violations of Applicable Laws and regulations, Exchange requirements or terms and conditions of Government Contracts; and
  - That relevant questions related to ethics and compliance are included in engagement or culture surveys.
- Work with the individual(s) designated as compliance officer of any subsidiary (Subsidiary Compliance Officer) or for any Government Program to ensure effective implementation and communication of the Compliance Program and where applicable the Government Programs Compliance Program Policies and Procedures.
- Ensure that the compliance risks to which the Company is exposed, both internal and external, are assessed on a regular basis with special attention paid to those areas identified by the Office of Inspector General as high risk in regards to the Company's Government Programs and direct the implementation of internal systems and controls to reinforce compliance and other activities, as appropriate, (the "compliance audit plan") to ensure the Compliance Program is responsive to those risks.
- Report all significant actions taken with respect to the implementation, administration and operation of the Compliance Program to the Corporate Compliance Committee (see Section 2.4).
- Prepare recommendations on compliance-related policies, procedures and corporate standards for review by the Board Audit & Compliance Committee (see Section 2.2).

- Represent the Company, or designate a representative as may be appropriate, before all governmental agencies in addressing compliance issues or requirements.
- Represent the Company in outside organizations devoted to the furtherance of corporate ethics and compliance.
- Annually review the Compliance Program to ensure its relevance and recommend to the HCSC President and Chief Executive Officer and the Board Audit & Compliance Committee modifications to account for changes in Applicable Laws or regulations, changes in the nature of the Company's business, the Company's experience in the operation of the Program and to incorporate and follow applicable industry practices and standards.
- Triennially engage an external vendor to assess that HCSC's Compliance Program is effective as it is implemented and enforced. Results from this assessment will be reported to the HCSC Corporate Compliance Committee and the Board Audit & Compliance Committee.
- Be responsible for oversight of all certifications filed by Directors and employees relating to compliance and training.

The CECO also serves as the Chief Privacy Officer. In this role, the CECO is responsible to ensure that the design, development, implementation and administration of the corporate Privacy Program complies with all applicable federal and state privacy laws and regulations including those set forth in the Department of Health and Human Services Rule entitled Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160 and 164). The corporate Privacy Program identifies the requirements regarding the development of privacy policies, procedures and standards, workforce training, incident management and other relevant activities focused on protecting the access, use and disclosure of Personally Identifiable Information (PII) which includes protected health information (PHI), state personal information (SPI) and contract personal information (CPI).

## 2.4 Corporate Compliance Committee

**General.** The Corporate Compliance Committee shall provide oversight, advice, support and general guidance, as appropriate, to the CECO in the discharge of their responsibilities. The Corporate Compliance Committee shall be comprised of the following voting members:

- President and Chief Executive Officer;
- Chief Ethics and Compliance Officer; and
- Leaders of the following internal functional areas:
  - HCSC Markets
  - HCSC Operations
  - Finance
  - Legal
  - Human Resources
  - Clinical
  - Medicare
  - Medicaid
  - Government Programs Compliance
  - Ethics and Compliance
  - Internal Audit Services
  - and such other individuals deemed appropriate.

The HCSC President and Chief Executive Officer in consultation with the CECO shall appoint such other persons to the Corporate Compliance Committee as they deem appropriate. The Committee shall be chaired by the CECO, who is also a member of the Committee.

The CECO shall keep the Corporate Compliance Committee informed of any significant actions taken with respect to the implementation, administration and operation of the Compliance Program and shall prepare recommendations on compliance-related policies, procedures and corporate standards for review by the Committee. The Vice President – Government Programs Compliance Officer shall keep the Corporate Compliance Committee informed regarding all significant compliance issues regarding performance under the Government Programs and shall report all significant governmental communications, inquiries, investigations or other actions to the Chief Ethics and Compliance Officer and the Corporate Compliance Committee.

Any subsidiary that is either a prime contractor or performs services pursuant to one or more Government Contracts or subcontracts shall appoint a Compliance Officer and that Subsidiary Compliance Officer shall report all significant compliance issues to the Executive Director of Corporate Compliance and/or the Government Programs Compliance Officer who, in turn, shall report all such issues to the Corporate Compliance Committee.

**Responsibilities.** The Corporate Compliance Committee has overall responsibility for overseeing the continual improvement in the performance of the Compliance Program, including, but not limited to:

- Building an appropriate infrastructure for Compliance Program administration, including mechanisms and systems for long-term support;
- Ensuring that the Compliance Program effectively detects and deters violations of Applicable Laws and regulations, Exchange requirements, terms and conditions of Government Contracts and the Compliance Program by the Company's Directors, employees and third parties;
- Conducting a periodic formal risk assessment and annual assessment of the Company's corporate values, culture and potential areas of compliance vulnerability as perceived by management and/or employees;

- Ensuring proper evidence of the Compliance Program's effectiveness; and
- Establishing heightened awareness of compliance issues and improving management and employee skills in dealing with these issues.

**Duties.** In carrying out its responsibilities, the Corporate Compliance Committee shall undertake the following duties:

- **Compliance Program Development.** Provide support and guidance to the CECO in formulating policies, procedures, corporate standards and mechanisms that are the basis of the Compliance Program. This includes, but is not limited to, providing support and guidance related to compliance training and education programs and establishing processes to “build-in” compliance quality at all levels of the Company.
- **Compliance Oversight.** Monitor Company compliance activities, including serious issues raised in HOTLINE or other reports to the CECO, as well as compliance issues involving management, (a) to ensure Company compliance with all Applicable Laws and regulations, Exchange requirements, terms and conditions of Government Contracts and the Compliance Program; and (b) to assess and improve the effectiveness of the Compliance Program in detecting and deterring improper conduct and management-related problems.
- **Compliance Communication Program.** Assist the CECO in (a) communicating to all employees the requirements set forth in the Compliance Program, (b) ensuring that procedures and programs are developed for informing employees of all Applicable Laws and regulations, including those supporting Exchange requirements, on a timely basis; and (c) ensuring that Company policies, procedures and corporate standards, including those regarding Government Programs are developed, updated and communicated in a timely manner as necessary to provide appropriate guidance for employees.

- **Compliance Program Improvements.** Review the activities of the CECO and any Subsidiary Compliance Officer and oversee the development of remedial actions and Compliance Program improvements to ensure that violations of Applicable Laws and regulations, Exchange requirements, terms and conditions of Government Contracts or the Compliance Program are not repeated. The Committee should assure that those employees who are assigned operational responsibilities relating to the Program are given sufficient resources, authority and support to carry out such responsibilities.
- **Compliance Enforcement and Promotion.** Oversee the CECO's system for uniform response, enforcement and corrective action on matters relating to compliance so they are correctly and consistently handled and are reported in a timely fashion. Ensure that Company policy provides effective and accessible procedures so that (a) individuals can report in confidence (to the extent permitted by law) and without fear of retaliation, any improper activities, misconduct and violations of law, regulations or the Compliance Program; (b) there is effective auditing and monitoring of compliance risk and any gaps are properly addressed and corrective action is implemented; and (c) there are strategies to promote employee's compliance and reporting of improper activities, misconduct and violations of law, regulations or the Compliance Program. The decision to report violations to appropriate governmental agencies shall be vested in the CECO.

## 2.5 Management

It is the responsibility of all management and supervisory personnel to ensure that employees and other Vendors or contingent workers that they supervise comply with Applicable Laws and regulations when performing work for HCSC, including those related to Exchange requirements, health care fraud and abuse, terms and conditions of Government Contracts and the Compliance Program. This responsibility is of the highest priority, and Company management is required to take

an active role in promoting and enforcing the Compliance Program. Management is responsible for ensuring that each worker completes all required compliance training by the deadlines communicated and executes and returns to the Ethics and Compliance Department all compliance-related certifications.

Management is also responsible for ensuring that all inquiries from regulators are addressed with the utmost urgency and coordinated with the Legal Division. Any information request from a regulator both directly or through Legal or Compliance staff, must be considered and treated among the highest priorities. Failure to respond to these requests in a timely, complete and accurate manner could result in disciplinary action, up to and including termination of employment.

Management must maintain an atmosphere conducive to Compliance and disclosure and shall be vigilant with respect to violations of Applicable Laws and regulations, Exchange requirements, terms and conditions of Government Contracts, or the Compliance Program. Promotion and adherence to the Company's compliance initiatives shall be part of each member of management's performance standards and evaluation. Failure to address known issues of noncompliance in a timely and appropriate manner may result in disciplinary action, up to and including termination of employment.

To ensure that the requirements of the Compliance Program are fully communicated to workers and that an atmosphere of compliance is fostered, all Company management shall set high ethical standards for themselves and demonstrate their commitment to the Compliance Program by exemplary behavior. They shall also make themselves available to discuss ethics concerns raised by employees, contingent workers or third parties.





Each member of management who supervises personnel is required to provide HCSC annually with a completed Ethics Connects Us Conversation form attesting that they have:

- Discussed with each subordinate under their direct supervision the content and application of the Code, the Compliance Program and the Non-Retaliation Policy, including resources for reporting concerns;
- Informed each such subordinate that strict compliance with the Code and the Compliance Program is a condition of employment or contract service agreement;
- Informed each such subordinate that HCSC shall take disciplinary action, up to and including termination of employment, for violation of any Applicable Law or regulation, Exchange requirement, terms and conditions of Government Contracts or the Compliance Program; and

- Shared with each subordinate their personal commitment and support of the Compliance Program along with their personal availability to address issues and concerns. These certifications will be retained in the Learning Management System (LMS).

## 2.6 Legal Division

The Legal Division is responsible for providing legal support to promote corporate compliance with Applicable Laws and regulations, Exchange requirements and assisting the CECO and the Company in interpreting Applicable Laws and regulations and Exchange requirements. When a threatened claim, asserted claim (a lawsuit or a notice of arbitration), notice of regulatory investigation or examination, or subpoena is received by the Company, the Legal Division should be notified. When an issue arises as to whether proposed or existing conduct violates the law, regulations or Exchange requirements, the Legal Division shall be consulted.

## 2.7 Human Resources

The Human Resources Department is responsible for the review and appropriate resolution of Workforce Solutions-related issues and for ensuring that discipline is applied on a basis that is appropriate, consistent and equitable.

# 3.0

## Training and Education

The CECO shall direct the development of new hire and annual Company-wide training and education programs on the Compliance Program and Applicable Laws and regulations and Exchange requirements. The purpose of the program will be to ensure that all HCSC and Subsidiary Directors and workers are familiar with the requirements of, the importance of compliance with, and their responsibilities pursuant to the Compliance Program, Applicable Laws and regulations, Exchange requirements and terms and conditions of Government Contracts.

The CECO shall ensure that mechanisms exist for testing the efficacy of the education program and for updating the training program to account for developments in laws and regulations and in the Company's business. The Corporate Compliance Committee shall ensure that the compliance communication and training program is implemented at each of the Company's operational areas and each subsidiary. The CECO shall work with the Subsidiary Compliance Officer(s) to determine whether additional or specialized training may be required for those subsidiary employees who perform services under Government Programs.

### 3.1 New Hire and Annual Training Requirements

New Directors and employees will receive an orientation on the Compliance Program, Applicable Laws, and regulations and Exchange requirements, including those dealing with health care fraud and

abuse. New Directors and workers will receive training upon hire and refresher training annually on the requirements of and the importance of complying with, the Compliance Program and Applicable Laws and regulations and Exchange requirements, including those dealing with health care fraud and abuse. Training may be conducted using instructor-led, computer-based or other alternate means of delivery.

The CECO shall interact with management on a regular basis to explain the significance of the Code and to determine if additional training is needed. The CECO will encourage management to engage their workers in group or individual discussions regarding the Code to determine what additional training may be needed.

### 3.2 Availability of the Code

The Code will be made available to all Directors upon their election to the Board and all workers upon their start date, including updates and revisions thereafter whenever the Code is modified.

### 3.3 Certifications

Through one or more certifications, all Directors and workers will certify that they:

- Have read or will read and will comply with the Code;
- Are unaware of any undisclosed violations of the Code; and
- Have disclosed any exceptions of which they had knowledge.

The CECO may also utilize a certification or any other reasonable method for ascertaining information regarding Directors or workers that may be necessary to operate an effective compliance program, such as whether they have been convicted of a crime regarding dishonesty or breach of trust. The completed certifications will be reviewed and retained by the Ethics and Compliance Department. All certifications will be retained in accordance with the Policy on Record Retention (Appendix D).

# 4.0

## Company Compliance Hotline – Open Communication and Reporting

The CECO shall ensure that a Company-wide system exists which allows and encourages workers to raise questions about the application or meaning of the Compliance Program and to disclose possible violations. The Corporate Compliance Committee shall ensure that the system is implemented in each of the Company's operational areas and Subsidiaries.

The Code shall provide information about the resources available to assist workers in resolving any questions or concerns. The list of available resources will be updated and made available annually to all workers. Further, the Code shall contain a description of and the toll free telephone number for the Corporate Integrity HOTLINE and information on any other resources which workers may use if they do not want to raise questions or disclosures with their supervisory management. The Code shall explain the extent to which reports of wrongdoing will be kept confidential.

The Company shall ensure that workers who raise these matters are treated with respect and are not subject to retaliation. A copy of the Company's policy prohibiting retaliation is attached as Appendix C.

A confidential, written record shall be maintained reflecting each communication concerning possible violations of the Compliance Program. Whenever a possible material violation of the Code is reported, the CECO shall be notified. In each such instance, the CECO or designee shall undertake a prompt and thorough investigation



appropriate to the circumstances. If the possible violation materially affects the Company's books and records, or if it may expose the Company to criminal liability or substantial civil liability, the CECO shall notify and consult with the Senior Vice President - Chief Legal Officer and Corporate Secretary and other appropriate counsel with respect to the matter and shall notify the HCSC President and Chief Executive Officer and/or the Chair of the Board Audit & Compliance Committee.

When an investigation is initiated, steps shall be taken to ensure the appropriate preservation of relevant documents in coordination with the Legal Division's eDiscovery team. Routine document destruction procedures shall be suspended insofar as they may affect documents relevant to the potential violation and in some cases a legal hold may be issued by the Legal Division. Workers who may possess relevant documents shall be instructed to retain them or to turn them over to the investigative team. A record shall be maintained of all workers to whom such a request is made and of all documents retained for purposes of the investigation. For more information on records management and legal holds, see the Records and Information Management and Legal Hold Policies attached in Appendix D.

## 5.0

### Responding to Allegations

If the CECO has reasonable grounds to believe that any misconduct may constitute a material violation of criminal or civil law in regard to the Company's performance under any Government Program, the CECO in cooperation with the Government Programs Compliance Officer and/or any relevant Subsidiary Compliance Officer shall initiate an internal investigation, promptly notify the Chair of the Board Audit and Compliance Committee, the HCSC President and Chief Executive Officer, the Senior Vice President – Chief Legal Officer and Corporate Secretary of such alleged misconduct, and shall take corrective action as appropriate following the completion of the investigation. Such corrective action may include reporting the matter to the appropriate governmental authorities. Other aspects of the CECO's duties with respect to allegations of misconduct are set forth in Section 2.3.

## 6.0

### Auditing to Monitor Compliance – Audit Services

Audit Services ("AS"), along with Corporate Governance, shall provide guidance and the necessary control matrices for management to design the appropriate operational and financial controls for the Company. AS is authorized to access all records, personnel and physical properties relevant to the performance of audits. The Chief Audit Executive shall report to the Chair of the HCSC Audit and Compliance Committee and administratively to the CECO.





AS audits, reviews, verifies, monitors, tests and validates financial and operational controls as required for efficient management of the Company's system of internal controls and achievement of the organization's strategic goals. In executing these functions, AS uses all necessary techniques, including sampling, to ensure that reasonable internal control policies, procedures and corporate standards exist, that line management properly monitors such controls, and that a Company-wide network of internal controls properly operates to capture, monitor, summarize and report both internal control weaknesses and internal control strengths. AS reports all significant findings to the HCSC Audit & Compliance Committee. AS plans its work based on an annual control risk assessment performed in conjunction with the Ethics and Compliance Department, recognizing independent auditors' concerns, compliance issues, findings from internal audits and reviews, control weaknesses identified by line management, changes in the regulatory, economic or market environment and any other sources AS and the Ethics and Compliance Department deem reasonable. The audit plan and the compliance audit plan are developed based on the results of this risk assessment. AS meets with the HCSC Audit & Compliance Committee annually to review the audit plan and reports progress and results to the Committee throughout the year.

AS executes its functions within all areas of the Company. The operational areas and other AS functions addressed in the audit plan include but are not limited to, the following:

- Projects and audits of financial and accounting practices and related controls;
- Projects and audits of operational processes and controls;
- Projects and audits of information systems controls, information security, business continuation and disaster recovery;
- Coordination of external audits performed by customers, states, local and federal agencies as well as the Association and 5-State Plans; and
- Government program controls and government program and regulatory compliance activities.

## 7.0

### Employment and Contracting Decisions

#### 7.1 Employees

It is the policy of HCSC to prohibit hiring or continued employment of, forming or continuing a contract with, purchasing from, or entering into or maintaining any substantial business relationship with an Ineligible Party unless, in the judgment of the CECO in consultation with the Human Resources Department, there is a compelling reason to do so. HCSC defines an "Ineligible Party" as any individual or entity charged with or convicted of a felony criminal offense related to Government Programs, or who is listed as debarred or otherwise excluded from federal, state or local health care program participation or who has engaged in illegal activities or other conduct inconsistent with an effective compliance program.

In addition, pending the resolution of any felony criminal charges or proposed debarment or other exclusion, such individual or entity will be removed from direct responsibility for, or involvement with, any federal, state or local health care program or other Government Program. With regard to a current employee, vendor, contractor, consultant or other third party, if resolution of the matter results in conviction, debarment or other exclusion, the Company shall, upon discovery of that fact, terminate that individual or entity's employment or business relationship with HCSC unless the Company has otherwise received a waiver or permission from the government to continue its business relationship with such employee, vendor,

contractor, or other third party or in the judgment of the CECO in consultation with the Human Resources Department, there is a compelling reason to do so.

The Company shall not vest an employee with authority to act on behalf of the Company when that employee has demonstrated an inability to act in an honest and ethical manner nor shall the Company employ personnel in positions with substantial authority that the Company knew or should have reasonably known has engaged in illegal activities or other conduct inconsistent with an effective compliance program.

All job applications shall contain a statement that prospective employees understand that they are required, in the event of their employment, to abide by all rules and regulations of the Company including the Code. The commitment of each employee to abide by the Code and fulfill their responsibilities under the Compliance Program will be a condition of employment at the Company.

**Prior to hire, job applicants shall be screened to determine, to the extent practicable, whether applicant:**

- **Has a history of criminal conduct;**
- **Is charged with a criminal offense involving government business;**
- **Is listed by a federal or state agency as debarred;**
- **Is proposed for debarment or suspension; or**
- **Is otherwise excluded from federal, state or local program participation.**

The Company will make a reasonable inquiry into the status of any employee, vendor, contractor, consultant or other such third party. Inquiries into the status of current or potential employees, vendors,

contractors, consultants and other third parties shall include at least a review of the OIG's List of Excluded Individuals and Entities and of the System for Award Management's ("SAM") Excluded Parties List System and may from time to time, as determined by the Chief Ethics and Compliance Officer, include screening for other criteria or of other lists. This screening will be performed prior to hiring or contracting. Any applicant who demonstrates such a history may not be hired or contracted with. Current employees, vendors, contractors, consultants and other third parties shall be screened against the lists mentioned above at least monthly. HCSC will sever its business relationship with any individual or entity identified as an Ineligible Party unless that party has an explicit waiver from the debarring agency.

Vendors will be required to agree to comply with the Code or the Vendor Code as stated in each vendor's contract. Both Codes are available at [www.hisccompliance.com](http://www.hisccompliance.com).



# 8.0

## Disciplinary Standards

Disciplinary action will be taken on a fair and equitable basis. Such sanctions will range from oral warnings to suspension, termination, end of service engagement or financial penalties. While some disciplinary action can be handled by department managers, others may have to be resolved by a senior level manager. Disciplinary action may be appropriate where a responsible employee's failure to detect a violation is attributable to their negligence, deliberate indifference or reckless conduct.

### It is a violation of the Code for any employee of the Company to:

- Engage in any conduct prohibited by the Code;
- Fail to report, through the channels identified in the Code misconduct of which the employee is aware;
- Fail to cooperate with Company officials engaged in an investigation of possible misconduct;
- Fail to timely and appropriately address known compliance issues within their scope of responsibility; or
- Fail to enforce the Code, if the employee has responsibility for enforcing the Code.

Any employee who violates the Code will be subject to appropriate disciplinary action, ranging from a warning to discharge and/or referral for criminal prosecution or civil action. Ethics and Compliance is responsible for investigating potential violations of the Code, sometimes in partnership with Human Resources. A Code violation is determined by Ethics and Compliance and not management. Management must contact Ethics and Compliance to initiate an investigation as appropriate.





# Government Programs

ETHICS CONNECTS US

We follow the law and are committed to the highest ethical standards in our interactions with the government.

## 9.0

### Written Policies, Procedures, Standards of Conduct

#### 9.1 Standards of Conduct

This Government Programs Section of the Compliance Program (Sections 9-15) applies specifically to the operations of any Medicare Advantage [including Dual Eligible Special Needs Plans (D-ESNPs)], Medicare Part D, Medicare Medicaid Plans (MMPs), CHIP, or Medicaid contracts (collectively, "Government Programs") held by Health Care Service Corporation, a Mutual Legal Reserve Company ("HCSC"), and the following entities: HCSC Insurance Services Company, a wholly-owned subsidiary of HCSC ("HISC"); GHS Health Maintenance Organization, Inc. d/b/a BlueLincs HMO a wholly-owned subsidiary of HCSC ("BlueLincs HMO"); GHS Insurance Company (formerly known as GHS Property and Casualty Insurance Company), a wholly-owned subsidiary of HCSC ("GHS"); Illinois Blue Cross Blue Shield Insurance Company ("IBCBSIC"), a wholly-owned subsidiary of HCSC or any other HCSC subsidiary or affiliate that holds, either now or in the future, a Government Programs contract. HCSC and such subsidiary and affiliate entities are each referred to herein as a "Government Contract Holder" and collectively as "Government Contract Holders."

This Government Programs Section of the Compliance Program does not supersede any previous portion of the Compliance Program, including the Code, but instead places additional obligations and responsibilities on Government Contract Holder officers, Board members, managers, employees, First Tier, Downstream and Related



Entities or the equivalent entities (collectively referred to as “FDRs”) and other individuals working under a Government Programs contract. Government Contract Holder officers, Governing Body members, managers, employees, FDRs and other individuals working under a Government Program contract shall adhere to the highest legal and ethical standards, shall perform such work by complying with all applicable federal, state and local standards, and by reporting issues of noncompliance and potential fraud, waste and abuse (“FWA”) through appropriate mechanisms. Further, Government Contract Holders will address and correct any issues of noncompliance and potential FWA identified and/or reported.

All members of the Government Contract Holders’ Governing Bodies (Board(s) of Directors, or in the case of HCSC, the Board Audit and Compliance Committee) shall adhere to the highest legal and ethical standards to ensure that they comply with all federal, state and local laws, regulations, program rules, all terms and conditions of their Government Contracts and this Government Programs Section of the Compliance Program. The members of the Governing Bodies of Government Contract Holders shall be familiar with, review, and approve this Government Programs Section of the Compliance Program, and shall review and approve any subsequent changes to this Government Programs Section of the Compliance Program. For purposes of this Government Programs Section of the HCSC Compliance Program Charter, the term “Standards of Conduct” refers to the HCSC Code of Ethics and Conduct.

## 9.2 Policies and Procedures

**General.** Government Contract Holders and their FDRs, as defined in the Compliance Program Guidelines of the Medicare Prescription Drug Benefit Manual and the Medicare Managed Care Manual, are committed to comply with all applicable federal, state and local statutory, regulatory and contractual requirements. Government Contract Holders shall adopt and adhere to detailed policies, procedures and corporate standards regarding the operations and

the services performed under their respective Government Program contracts. The policies related to the Government Contract Holders’ Medicare and Medicaid and/or CHIP compliance responsibilities and requirements (“Government Programs Compliance Policies”) are incorporated herein as Appendix E. These policies shall be reviewed and updated, as appropriate, at least annually and as needed to incorporate changes in Applicable Laws, regulations and other program requirements.

This Compliance Program, including the Code and the HCSC Government Programs Compliance Policies will be posted on the Company’s intranet site which is available and accessible to all employees without requiring an additional employee log-in.

Also, a web site has been developed and designed to allow Government Contract Holders’ external partners and FDRs who have contracted to perform delegated activities direct access to the Compliance Program, including this Government Programs Section and other compliance related programs and information. This site can be found at [www.hisccompliance.com](http://www.hisccompliance.com).

### Retention of Records and Information Systems.

Government Contract Holders and their FDRs will adopt detailed policies, procedures and corporate standards regarding the retention of documents that at a minimum will: (a) document the creation, distribution, retention, storage, retrieval and destruction of documents required by Applicable Laws and the program requirements of federal or state and local health plans; and (b) maintain all records necessary to protect the integrity of the compliance process and confirm the effectiveness of the Government Programs Section of the Compliance Program. Government Contract Holders and their FDRs shall also establish detailed policies, procedures and corporate standards for complying with the integrity of the data collections systems used in the performance of their Government Programs contracts to assure compliance with all applicable authorities.

**Privacy.** The CECO shall serve as the “privacy official” for Government Programs to ensure the design, development, implementation and administration of the requirements set forth in the Department of Health and Human Services Rule entitled Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160 - 164, as finalized), including, but not limited to:

- Requirements concerning privacy policies;
- Procedures and corporate standards; and
- Workforce training and safeguards to protect the privacy of protected health information.

### 9.3 **Distribution of Compliance Policies & Procedures, Standards of Conduct and Compliance Program**

Copies of the Compliance Program including this Government Programs Section, compliance policies and the Standards of Conduct are distributed to employees upon hire and annually thereafter as part of employee training.

These policies shall include, at a minimum, the following seven components:

1. Government Contract Holders’ commitment to comply with all applicable federal, state and local standards;
2. Compliance expectations as embodied in the Standards of Conduct;
3. Operation of the Compliance Program, including this Government Programs Section;
4. Guidance in dealing with potential compliance issues;
5. How to communicate compliance issues to appropriate compliance personnel;
6. How potential compliance issues are investigated and resolved by Government Contract Holders; and

7. A statement that intimidation and retaliation for good faith participation in the Compliance Program are prohibited, including but not limited to reporting potential issues, investigating issues, conducting self-evaluations, audits and remedial actions and reporting to appropriate officials.

The Compliance Program has policies (See Appendix E) that address:

- Measures to prevent, detect and correct noncompliance with government program requirements; and
- Measures to prevent, detect and correct FWA.

The Compliance Program, including this Government Programs Section, Standards of Conduct and the Government Programs Compliance Policies, shall be posted on the Company’s intranet site which is available and accessible to all Government Contract Holder employees. The Ethics and Compliance Department will maintain documentation appropriate to show that the Code of Conduct and Government Programs Compliance Policies were made available to employees.

In addition to contractual obligations requiring FDRs to adhere to the Compliance Program, including this Government Programs Section and Government Programs Compliance Policies, a web site has been developed that is designed to allow FDRs direct access to the Compliance Program, including this Government Programs Section, Standards of Conduct, Government Programs Compliance Policies and any other compliance related information. This site can be found at [www.hisccompliance.com](http://www.hisccompliance.com). HCSC FDRs may maintain comparable policies and procedures and Standards of Conduct of their own.

# 10.0

## Designation of a Compliance Officer, Compliance Committee and Administration of The Government Programs Section of The Compliance Program

### 10.1 Government Programs Compliance Officer

**General.** A senior member of management with significant government programs experience shall be appointed to be the Government Programs Compliance Officer. The Government Programs Compliance Officer is responsible for administration of this Government Programs Section of the Compliance Program and will have detailed involvement in and familiarity with the operational and compliance activities for all Government Contracts Holders. The Government Programs Compliance Officer shall report directly to the Chief Ethics and Compliance Officer and shall periodically report to the HCSC President and Chief Executive Officer, the Presidents of the HCSC Divisions, the Governing Bodies of the Government Contract Holders and the HCSC Corporate Compliance Committee on the activities and status of the Government Programs Section of the Compliance Program, including issues identified, investigated and resolved. The Government Programs Compliance Officer shall be a full-time employee of HCSC and this position will not be delegated to any other entity.

**Authority.** The Government Programs Compliance Officer shall have the authority to review all documents and other information



that the Government Programs Compliance Officer deems to be relevant to the Government Contract Holder's compliance activities and Government Programs. The Government Programs Compliance Officer reports periodically to the Governing Bodies of the Government Contract Holders on the activities and status of the Compliance Program, including this Government Programs Section, any potential FWA, and to suggest modifications to the Compliance Program, including this Government Programs Section, in light of any instance of noncompliance or potential FWA. The Government Programs Compliance Officer, at their discretion, need not await approval of the sponsor's Governing Body to implement needed compliance actions and activities, provided that those actions and activities, as appropriate, are reported to the Governing Bodies at their next scheduled meeting. Further, the Government Programs Compliance Officer shall have full authority to stop the submission of data that they believe may violate any applicable authority until such time as the issue in question has been resolved. The Government Programs Compliance Officer shall be provided with sufficient staff and resources to carry out their duties.

**Responsibilities and Duties.** The responsibilities and duties of the Government Programs Compliance Officer shall include, but are not limited to, the following:

### **Implementation and Administration of this Government Programs Section of the Compliance Program.**

The Government Programs Compliance Officer shall:

- Design and direct the implementation, administration and operation of this Government Programs Section of the Compliance Program to ensure compliance with the laws and regulations, terms and conditions of Government Programs contracts;
- Ensure that all FDRs, including agents, brokers, consultants, independent contractors, vendors and producers are aware of the Compliance Program, including this Government Programs Section, and the Vendor Code. It is each Government Contract Holder's expectation that all FDRs comply with the Program's requirements and the Vendor Code when performing contractual functions on behalf of the Government Contract Holders;
- Periodically review the Compliance Program, including this Government Programs Section, to ensure its relevance and recommend to the CECO, Corporate Compliance Committee, Government Programs Compliance Committee to the Presidents/ HCSC President and Chief Executive Officer and the Governing Bodies of the Government Contract Holders modifications necessary to account for changes in Applicable Laws or regulations, changes in the nature of the Company's business, the Company's experience in the operation of the Program, and to incorporate and follow applicable industry practices and standards;
- Report directly on a regular basis to the CECO, HCSC Corporate Compliance Committee, the Presidents/HCSC President and Chief Executive Officer, Governing Bodies of the Government Contract Holders and the Government Programs Compliance Committee. The Government Programs Compliance Officer shall report regarding the operation of this Government Programs Section

of the Compliance Program, and all significant issues relating to compliance with Applicable Laws and regulations, terms and conditions of Government Contracts;

- Oversee an effective training and education program regarding the Government Programs contracts for Government Contract Holder officers, Governing Body members, managers, employees and other individuals working under a Government Program which also addresses FWA and ethical concerns and meets the compliance program requirements applicable to each Government Program. Such training and education will occur annually at a minimum and will be made a part of the orientation for new officers, Governing Body members, managers, employees and other individuals working under a Government Program. The Government Programs Compliance Officer may leverage the Ethics and Compliance Department's training initiatives, to the extent that they meet the requirements of the Government Contracts. In addition, the Government Programs Compliance Officer will oversee the Government and Consumer Solutions training initiatives. Completion of such training will be required in order for such individuals to continue to perform services under any Government Program;
- Ensure that mechanisms exist for testing the efficacy of the training program and for updating it to account for developments in laws and regulations and the terms and conditions of the Government Programs contracts;
- Ensure that every officer, Governing Body member, manager, employee, FDR and other individuals working under a Government Program receives a copy, electronically or otherwise, of the Compliance Program, including this Government Programs Section, and the Code at time of hire and annually thereafter. Employees who perform services under any of the Government Programs must complete a certification acknowledging that they will comply with and is unaware of any violations of the Compliance Program, including this Government Programs Section;



- Work with the HCSC Divisional Vice President – Privacy Office to ensure the design, development and implementation of the Privacy program are consistent with our compliance requirements under applicable state and federal laws and regulations;
- Receive results of all internal audit reports and work closely with key individuals to identify aberrant trends in all areas that require certification;
- At least annually, assess the effectiveness of the Government Programs Compliance Program. This assessment may be performed internally by staff who are not part of the compliance department. Results from this assessment will be reported to the HCSC Corporate Compliance Committee and the Board Audit & Compliance Committee. At least once every 3 years, this assessment shall be performed by an external vendor;
- Ensure that the OIG and SAM exclusion lists and any other federal, state and local exclusion lists that may be required, have been checked with respect to all workers, Governing Body members and FDRs monthly and coordinate any resulting issues with Human Resources, Security, Legal or other departments as appropriate;
- Develop and implement methods and programs that encourage managers, employees, Governing Body members and FDRs to report Government Program noncompliance and potential FWA without fear of retaliation. The Government Programs Compliance Officer may leverage existing methods and processes for this purpose. Maintain documentation for each report of potential Government Programs noncompliance or potential FWA received from any source, through any reporting method (e.g., hotline, mail or in-person);
- Oversee the development, implementation and monitoring of corrective action plans for Government Contract Holders;

- Coordinate potential fraud investigations/referrals with the Special Investigations Department, where applicable, and the appropriate Investigations Medicare Drug Integrity Contractor ("I-MEDIC"). This includes facilitating any documentation or procedural requests that the I-MEDIC makes of the sponsor. Similarly, the Government Programs Compliance Officer or their designee will collaborate with other sponsors, State Medicaid programs, Medicaid Fraud Control Units (MFCUs), commercial payers and other organizations, where appropriate, when a potential FWA issue is discovered that involves multiple parties; and
- Be aware of daily business activity by interacting with the operational units of the Government Contract Holders.

The Government Programs Compliance Officer shall have the authority to:

- Interview or delegate the responsibility to interview employees and other relevant individuals regarding compliance issues;
- Review contracts, policies and procedures and other documents pertinent to Government Programs;
- Review or delegate the responsibility to review the submission of data to regulatory agencies to ensure that it is accurate and in compliance with reporting requirements;
- Independently seek advice from legal counsel;
- Report potential FWA to CMS, State Medicaid and/or Children's Health Insurance Program (CHIP) Agencies, their designees or law enforcement;
- Conduct and/or direct monitoring and investigations of any FDRs;
- Conduct and/or direct monitoring and investigations of any area or function involved with Government Programs; and
- Recommend policy, procedure, process changes and disciplinary action, as appropriate.

## 10.2 Government Programs Compliance Committee

**General.** The Government Programs Compliance Committee is accountable to, and shall regularly report through the Government Programs Compliance Officer to, the HCSC Corporate Compliance Committee and the Governing Bodies of the Government Contract Holders, and shall provide oversight, advice, support and general guidance to the Government Programs Compliance Officer in the discharge of their responsibilities. The Government Programs Compliance Officer shall chair this Committee and keep the Government Programs Compliance Committee informed of any significant actions taken with respect to the implementation, administration and operation of the Compliance Program and shall prepare recommendations on compliance-related policies, procedures and corporate standards for review and approval by the Committee. If considered appropriate, the Committee may create sub-committees, ad hoc work groups or other forums to address specific issues. These sub-committees, ad hoc work groups or other forums shall report to the Committee on a quarterly basis.

HCSC establishes and maintains a Regulatory Compliance Committee for each HCSC Medicaid plan. Each Regulatory Compliance Committee shall oversee the compliance program and the plan's compliance with contract requirements. Each state Regulatory Compliance Committee reports quarterly to the Government Programs Compliance Committee (GPCC).

The membership of the Government Programs Compliance Committee is defined in the Government Programs Compliance Committee Charter. In all cases, this will include the President of Government Programs, other Senior Leadership involved in the administration of Government Programs, plus other members with a variety of backgrounds considered necessary, in the view of the Government Programs Compliance Officer and the Government Programs Compliance Committee, to implement this Government Programs Section of the HCSC Compliance Program Charter.

**Responsibilities and Duties.** The Government Programs Compliance Committee shall:

- Meet at least on a quarterly basis, or more frequently as necessary to enable reasonable oversight of the Government Programs Compliance Program;
- Build an appropriate infrastructure for the administration of this Government Programs Section of the Compliance Program, including mechanisms and systems for long-term support;
- Ensure that the Government Programs Compliance Officer is integrated into the organization and is given the credibility, authority and resources necessary to operate a robust and effective Compliance Program;
- Provide regular and ad hoc reports on the status of compliance with recommendations to the Government Contract Holder's Governing Bodies;
- Ensure that the committee members will include staff from various backgrounds and functions;
- Ensure that Business Owners report regularly to the Committee on Government Programs Compliance issues and remediation within their areas of responsibility;
- Analyze the regulatory environment and the legal requirements with which Government Contract Holders must comply. In addition, analyze specific risk areas and make recommendations to the Government Programs Compliance Officer with regards to the Compliance Program;
- Assist with the creation and implementation of the Government Programs Compliance risk assessment and of the Government Programs Compliance monitoring and auditing work plan;
- Monitor the results of internal and external audits, reviews and monitoring activities for the purpose of identifying issues and deficient areas and implementing corrective and preventive action;

- Develop strategies to promote compliance and the detection of any potential violations;
- Assist in the creation, implementation and monitoring of effective corrective actions and ensure that monitoring is performed to ensure that those corrective actions are effective;
- Develop innovative ways to implement appropriate corrective and preventative actions;
- Ensure that all regulator inquiries are responded to in a timely and complete manner;
- Review and approve compliance and FWA training, and ensure that training and education are effective and appropriately completed. This responsibility may be delegated, with appropriate oversight from the committee;
- Review effectiveness of the system of internal controls designed to ensure compliance with Government Programs regulations in daily operations. This responsibility may be delegated, with appropriate oversight from the committee;
- Review the HCSC Compliance Program and any related compliance policies on an annual basis and provide a recommendation to the Board of Directors to approve or amend as appropriate;
- Ensure that the Government Contract Holders have a system for employees and FDRs to ask compliance questions and report potential instances of Government Program non-compliance and potential FWA confidentially or anonymously (if desired) without fear of retaliation; and
- Ensure that Government Contract Holders have a method for enrollees to report potential FWA.

## 10.3 Governing Bodies

**General.** The Government Contract Holders' Boards of Directors have adopted and will support and monitor the implementation of the Compliance Program, including this Government Programs Section, to demonstrate each entity's commitment to full and comprehensive compliance with all Applicable Laws and regulations and contract terms and conditions, including, without limitation, obligations under any and all Government Programs contracts. The HCSC Board of Directors has designated the Board Audit & Compliance Committee as responsible for ensuring that HCSC has fully implemented the Compliance Program, including this Government Programs Section and that the Compliance Program is operating in an effective manner. Government Contract Holders other than HCSC shall each retain responsibility for ensuring that their respective companies have fully implemented the Compliance Program, including this Government Programs Section, and that the Program is operating in an effective manner. Therefore, the "Governing Bodies" of the Government Contract Holders, for the purposes of the Compliance Program, are the Board Audit & Compliance Committee for HCSC, and the Boards of Directors of the respective Government Contract Holders other than HCSC. The Governing Bodies of the Government Contract Holders must remain knowledgeable about the content and operation of the Compliance Program and, at least annually, shall review the Compliance Program, including this Government Programs Section, and recommend any changes and amendments they consider appropriate. The Board Audit & Compliance Committee, the CECO and the Government Programs Compliance Officer shall maintain regular communications with the Government Contract Holders' Boards of Directors, and shall address and review matters concerning or relating to the Compliance Program, including this Government Programs Section, so the Board Audit & Compliance Committee can take appropriate action or make appropriate recommendations. Minutes of Governing Body meetings must be maintained in order to demonstrate the active engagement of the Governing Bodies' members in the Compliance Program.

**Responsibilities and Duties.** In carrying out their responsibilities under the Compliance Program and specifically this Government Programs Section of the Compliance Program, the Governing Bodies of the Government Contract Holders shall:

- Provide oversight and support for the implementation and administration of the Compliance Program, including the Government Programs Section of the Compliance Program;
- Review matters relating to education, training and communication in connection with this Government Programs Section of the Compliance Program to ensure that all related Government Programs Compliance Policies and corporate standards on compliance are properly disseminated, understood and followed;
- Review and approve the Standards of Conduct and the Compliance Program, including the Government Programs Section of the Compliance Program;
- Understand the Government Programs Compliance Program structure;
- Remain informed about Government Programs compliance risks, strategies and outcomes, including results of internal and external audits. Review corrective action plans resulting from audits;
- Remain informed about governmental compliance enforcement activity such as Notices of Non-Compliance, Warning Letters and/or more formal sanctions. When compliance issues are presented to the Governing Bodies, they should make further inquiry and take appropriate action to ensure the issues are resolved;
- Receive regularly scheduled, periodic updates from the Government Programs Compliance Officer and Government Programs Compliance Committee which includes data that shows the effectiveness of the program;

- Review the results of performance and effectiveness assessments of this Government Programs Section of the Compliance Program;
- Conduct annual review of Government Programs Compliance policies;
- Review internal and external audit work plans and audit results;
- Evaluate the senior management team's commitment to ethics and the compliance program;
- Review of dashboards, scorecards, self-assessment tools, etc. that reveal compliance issues; and
- Be actively engaged in oversight of efforts to detect and correct Medicare and Medicaid noncompliance and FWA.

In addition to the responsibilities and duties listed above, the Board Audit and Compliance Committee shall recommend to the Government Contract Holders' Governing Bodies any measures and actions that may be appropriate in conducting their business activities in full compliance with all Applicable Laws and regulations and terms and conditions of their Government Programs contracts.



# 11.0

## Training and Education

### 11.1 Compliance Training

Government Contract Holders shall provide a general training and education program regarding the Government Programs which also addresses FWA and ethical concerns and meets the requirements of the Compliance Program Guidelines applicable to each Government Program. Such training and education will occur within 90 days of hire and annually at a minimum for all new workers, including new appointment to a chief executive, senior administrator manager or Governing Body member. Completion of such training will be required for such individuals to continue to perform services under the Government Programs.

The Delivery, Performance and Integrity Department shall be responsible for ensuring that all employees and FDR employees involved in the administration or delivery of Government Programs benefits are aware of the Government Programs requirements related to their job function(s). Additional, specialized or refresher training may be provided on issues posing FWA risks based on the individual's job function.



#### General.

- Government Contracts Holders will maintain appropriate documentation to demonstrate that employees have fulfilled their training requirements. This documentation will be maintained for a period of 11 years.
- HCSC will review and update, if necessary, the general compliance, FWA and/or job-specific training whenever there are material changes in regulations, policy or guidance, and at least annually.

# 12.0

## Effective Lines of Communication

### 12.1 Communication and Reporting Mechanisms

The Government Programs Compliance Officer shall report directly on a regular basis to the Chief Ethics and Compliance Officer, the HCSC Corporate Compliance Committee, the Government Programs Compliance Committee, to the HCSC President and Chief Executive Officer, Presidents of HCSC's Divisions and the Governing Bodies of the Government Contract Holders regarding the operation of the Government Programs Compliance Program, and all significant issues relating to compliance with Applicable Laws and regulations, terms and conditions of Government Contracts and this Government Programs Section of the Compliance Program.

### 12.2 Communication of Compliance Issues

All workers, members of the Governing Bodies and FDRs are required to report compliance concerns and suspected or actual violations related to Government Programs through appropriate avenues as set forth in the Code. Government Contract Holders shall have a system in place to receive, record, respond to and track compliance questions or reports of suspected or detected noncompliance or potential FWA from employees, members of the Governing Bodies, enrollees and FDRs and their employees. Reporting systems must maintain confidentiality (to the greatest extent possible), allow anonymity if desired (e.g., through telephone hotlines or mail drops) and emphasize the sponsor's / FDR's policy of non-intimidation and non-retaliation for good faith reporting of compliance concerns and

### 12.3 FDR Communications

Government Contract Holders shall regularly communicate with all FDRs in order to ensure they are aware of and comply with the Compliance Program, including this Government Programs Sections, Standards of Conduct, Policies and Medicare regulations.

As part of the larger communication strategy, FDRs that partner with multiple sponsors may train their employees on the FDR's reporting processes including emphasis that reports of issues of noncompliance or FWA must be made to the appropriate sponsor.



# 13.0

## Well-Published Disciplinary Standards

### 13.1 Disciplinary Standards

Management and supervisory personnel shall ensure that all persons or entities performing services related to Government Programs, including FDRs, comply with the provisions of Applicable Laws and regulations, terms and conditions of Government Contracts and the Compliance Program including this Government Programs Section. Individuals will be appropriately disciplined up to and including

termination of employment or contractual relationship for failure to detect, report and/or remediate, as appropriate, noncompliance with applicable policies and legal requirements, where reasonable due diligence on the part of the individual should have led to the discovery of any problems or violations. Promotion and adherence to these compliance initiatives shall be part of the performance standards and evaluation for each individual or entity that performs services under a Government Program, including FDRs.

As clearly noted in the Code, all workers, managers, directors and FDRs must promptly report known or suspected compliance issues to their Supervisor, other corporate resource or Corporate Integrity Hotline, as appropriate.

It is a violation of the Code for any worker, manager, director or FDR to:

- Engage in any conduct prohibited by the Code;
- Fail to report, through the channels identified in the Code misconduct of which they are aware;
- Fail to cooperate with Company officials engaged in an investigation of possible misconduct;
- Fail to participate in or assist in the remediation of issues within the scope of their responsibilities; or
- Fail to enforce the Code, if they have responsibility for enforcing the Code.

Any worker, manager, director or FDR who violates the Code will be subject to appropriate disciplinary action, ranging from coaching to discharge and/or referral for criminal prosecution or civil action.

### 13.2 Methods to Publicize Disciplinary Standards

In addition to required new hire and annual training, the Code and expectations are highlighted in job applications completed by prospective employees, internal social media sites, newsletters, on-line publications, monitor messages and events throughout the year.





HCSC also makes its Government Programs Compliance Policies, including its Policy on Disciplinary Standards, available to FDRs through its Internet web site. It is the responsibility of the Government Programs Compliance Officer to assure the effective communication of the Compliance Program, including this Government Programs Section, policies and corporate standards regarding performance under Government Programs to all subsidiaries and FDRs.

### 13.3 Enforcing Disciplinary Standards

The Government Programs Compliance Officer will work with the appropriate management and Human Resources as appropriate, to ensure that discipline is enforced in a manner that is timely, consistent and effective when noncompliance or unethical behavior is determined.

### 13.4 Disciplinary Action

Disciplinary action will be taken on a consistent, fair and equitable basis. Such actions will range from coaching to suspension, financial penalties or termination. While some disciplinary action can be handled by department managers, others may have to be resolved by senior management. Disciplinary action may be appropriate where a responsible employee's failure to detect a violation is attributable to their negligence, deliberate indifference or reckless conduct.

## 14.0

### Monitoring and Identification of Compliance Risks

#### 14.1 The Government Programs Compliance Officer shall:

- Ensure that the Government Programs-related compliance risks to which Government Contract Holders are exposed, both internal and external, are assessed on a regular basis and direct the implementation of internal systems and controls to mitigate risk and reinforce compliance with Applicable Laws and regulations and contract terms;





- Identify the universe of risks and develop methods to score the various risk areas. Review the highest risks and determine the most appropriate mitigation strategy;
- Establish monitoring and reporting processes;
- Ensure that a mechanism to assure FDRs oversee their Downstream Entities has been developed and implemented;
- Ensure that a mechanism for monitoring fraud has been developed;
- Monitor conflict of interest and debarment processes for internal individuals/entities as well as FDRs;
- Work with the HCSC Vice President Internal Audit, external auditors and other parties as necessary, to ensure effective communication and implementation of programs to audit, monitor and validate adherence with all Applicable Laws and regulations, terms and conditions of Government Programs contracts and this Government Programs Section of the Compliance Program; and
- Ensure that CMS, or any person or organization designated by CMS, is granted timely access for the purpose of audits, inspections, investigations, evaluations or other statutory functions.

## 14.2 Monitoring of FDRs

- HCSC maintains the ultimate responsibility for fulfilling the terms and conditions of its contract with CMS and/or the regulatory agency for the State Medicaid contracts, and for meeting the Medicare and Medicaid program requirements. These regulatory agencies may hold HCSC accountable for the failure of its FDRs (or equivalent) to comply with program requirements. Therefore, HCSC will evaluate vendors whose contracts impact Government Programs to determine whether they qualify as an FDR (or equivalent term) in accordance with applicable regulatory guidance and take appropriate steps to ensure that those who do qualify as FDRs are fulfilling their obligations in compliance with Applicable Laws and the HCSC Compliance Program.

- Delegation Oversight and delegate Contract Business Owners shall monitor and audit their first tier entities to ensure that they are in compliance with all Applicable Laws and regulations, and to ensure that the FDRs are monitoring the compliance of the entities with which they contract (the sponsors' "downstream" entities). They shall also monitor any related entities to ensure those entities are compliant with all Applicable Laws and regulations. When FDRs perform their own audits, as permitted, HCSC will obtain a summary of the audit work plan and audit results that relate to the services the FDR performs.
- Government Contract Holders shall include in the audit work plan the number of first tier entities that will be audited each year and how the entities will be identified for auditing, including on-site audits.
- Delegation Oversight and delegate Contract Business Owners shall conduct specific monitoring of first tier entities to ensure they fulfill the compliance program requirements. These monitoring activities may be performed on a risk basis, based on resource availability. Monitoring of first tier entities for compliance program requirements must include an evaluation to confirm that the first tier entities are applying appropriate compliance program requirements to downstream entities with which the first tier contracts.
- Delegation Oversight and delegate Contract Business Owners shall develop mechanisms for monitoring for fraud, conflict of interest and debarment. When corrective action is needed, the Government Contract Holder shall ensure that corrective actions are taken.

# 15.0

## Responding to Compliance Issues

### 15.1 Corporate Integrity HOTLINE

Government Contract Holders are committed that all employees or other persons have an obligation to report problems or concerns involving ethical or compliance violations related to our Government Contracts. The term “other persons” refers to HCSC workers, FDRs, agents and directors who are involved in the administration of Government Programs benefits. The **Corporate Integrity HOTLINE (800-838-2552)** allows individuals to seek guidance or report a matter of concern. Employees, members and other persons can also use a **toll-free Fraud Hotline (800-543-0867)** to seek guidance or report matters of concern relating to actual or suspected fraudulent activity.

All calls to the Corporate Integrity HOTLINE can be made anonymously and without fear of intimidation or retaliation. Callers are encouraged to provide adequate information in order to assist with further investigation. The calls are not traced and the information is treated in a confidential manner, subject to the limits imposed by law. All investigations will be handled confidentially, subject to legal limits. Government Contract Holders have a policy of non-retaliation against any employee or other individual who makes a good faith call to this hotline.

The Corporate Integrity HOTLINE is available 24 hours a day, 7 days a week and is not staffed by employees of either HCSC or its subsidiaries.

### 15.2 Hotline & Investigations

The Government Programs Compliance Officer shall:

- Work closely with the HCSC Director of Corporate Protection and Security, Executive Director, Corporate Compliance and the Vice President of Special Investigations to ensure effective coordination of programs and issues involving corporate security of HCSC personnel and assets and related investigations. The HCSC Special Investigations and Security Departments support the Government Programs Compliance Officer in handling investigations, corrective actions and communications that involve potential fraud, waste and abuse related to participation in Government Programs. Any reports received or information developed by HCSC’s Special Investigations and/or Security departments that credibly alleges or may indicate a material violation of criminal or civil law related to Government Programs by a Government Contract Holder shall be referred to the Government Programs Compliance Officer, including, without limitation, those matters dealing with Government Programs-related health care FWA;
- Coordinate with HCSC’s Human Resources Department and Ethics and Compliance Department, as appropriate, so that any employee disciplinary actions taken as a result of noncompliance related to any Government Programs are implemented in a manner that is consistent, fair and equitable;
- Utilize existing systems to allow and encourage individuals to raise questions, whether anonymously or otherwise, about the application or meaning of this Government Programs Section of the Compliance Program and to disclose possible violations;
- Maintain documentation of all calls received by the hotline relating to Government Programs and maintain a record of all allegations which may constitute a violation of Applicable Laws or regulations, terms and conditions of Government Programs contracts and this Government Programs Section of the Compliance Program;

- Maintain a confidential, written record reflecting each communication concerning all potential violations of this Government Programs Section of the Compliance Program;
- Ensure a prompt and thorough investigation appropriate to the circumstances, including misconduct related to payment or delivery of items or services under the contract. Regardless of how an alleged instance of noncompliance or FWA is identified, HCSC will initiate a reasonable inquiry as quickly as possible, but not later than two weeks after the date the potential noncompliance or potential FWA incident was identified. If the issue appears to involve potential fraud or abuse and HCSC does not have either the time or the resources to investigate the potential fraud or abuse in a timely manner, it will refer the matter to the I-MEDIC within 30 days of the date the potential fraud or abuse is identified so that the potentially fraudulent or abusive activity does not continue. When an investigation is initiated, steps shall be taken to ensure the retention

of relevant documents. Routine document destruction procedures shall be suspended insofar as they may affect documents relevant to the potential violation. Individuals who may possess relevant documents shall be instructed to retain them or to turn them over to the investigative team. The Government Programs Compliance Officer shall maintain a record of all employees to whom such a request is made and of all categories of documents retained for purposes of the investigation;

- Implement appropriate corrective actions (for example, recoupment of overpayments, disciplinary actions, terminations of contracts) in situations where investigations have confirmed instances of noncompliance, fraud or misconduct, including misconduct related to payment or delivery of items or services under the contract;
- Maintain procedures to self-report potential noncompliance, fraud or misconduct related to Government Programs to CMS or other appropriate regulatory authority; and
- Evaluate, as appropriate, any calls received related to Government Programs on a separate Special Investigations FWA hotline established for vendors, providers, consultants, contractors, producers and beneficiaries to report suspected health care fraud and abuse or other misconduct to Government Contract Holders. Any calls received on this hotline that credibly allege a material violation of criminal or civil law specific to Government Programs shall be addressed by the Government Programs Compliance Officer, including, without limitation, those calls relating to its Government Programs, dealing with health care FWA.

Final documentation to support this Government Programs Section of the Compliance Program includes:

- Appendix E – HCSC Government Programs Compliance Policies



# Appendices

ETHICS CONNECTS US

**Appendix A.** Code of Ethics and Conduct

**Appendix B.** Health Care Criminal and Civil Penalties

**Appendix C.** Non-Retaliation Policy

**Appendix D.** Corporate Records and Information Management and Legal Hold Policies

**Appendix E.** Government Programs Compliance Policies

1. Government Programs Compliance Program Overview
2. Written Policies, Procedures and Standards of Conduct
3. Effective Training and Education
4. Communication and Reporting Mechanisms
5. Disciplinary Standards
6. System to Identify Medicare Compliance Risks
7. Routine Monitoring and Auditing of Government Programs
8. Accountability and Oversight of First Tier, Downstream and Related Entities
9. Identifying Excluded Individuals and Entities
10. Government Programs Fraud, Waste and Abuse
11. Auditing by Government Entities
12. Prompt Responses to Compliance Issues and Corrective Actions
13. Government Programs Compliance Record Retention Policy
14. Government Programs Deficit Reduction Act
15. Government Programs Compliance Officer
16. Government Programs Compliance Program Medicaid

**Appendix F.** Vendor Code of Ethics and Conduct

**Appendix G.** Code of Ethics and Conduct for Directors

**Appendix H.** Code of Ethics and Conduct for Subsidiary Directors

**Additional Policies including Core Ethics and Compliance Policies:**

HCSC Policy: Compliance with the Law

HCSC Policy: Cooperating with the Government

HCSC Policy: Confidential Information

HCSC Policy: Conflict of Interest

HCSC Policy: Corporate OFAC and USA Patriot Act

HCSC Policy: Non-Retaliation

HCSC Policy: Fair Competition