

**HEALTH CARE SERVICE CORPORATION  
CORPORATE POLICY**

<b>DEPARTMENT:</b> Ethics and Compliance	
<b>POLICY NUMBER:</b> 5.04	<b>POLICY TITLE:</b> Conflict of Interest
<b>EXECUTIVE OWNER:</b> EVP, Chief Administrative Officer & Chief Ethics, Compliance and Privacy Officer	<b>BUSINESS OWNER:</b> Exec. Director, Corporate Compliance
<b>ORIGINAL EFFECTIVE DATE (IF KNOWN):</b> 09/01/1999	<b>COMMITTEE APPROVAL DATE:</b> 05/02/2024

**I. SCOPE**

This policy applies to employees and contingent workers as defined in the HR Workforce Classifications Policy (“Workers”) of Health Care Service Corporation, a Mutual Legal Reserve Company, as well as its majority-owned (greater than 50%) subsidiaries (collectively “HCSC”).

**II. PURPOSE**

Workers must be free of any actual, apparent, or potential conflict of interest (collectively “conflict of interest”) in performing their jobs, including dealing with outside persons or business entities on behalf of HCSC. The purpose of this policy is to establish guidelines to avoid actions that conflict, or even appear to conflict, with HCSC’s best interests.

**III. POLICY**

**A. OVERVIEW**

HCSC must protect the integrity of its reputation. Workers must avoid situations where personal interests could conflict or appear to conflict with the interests of the company. This includes nepotism and favoritism. Workers must, therefore, disclose any actual, apparent, or potential conflicts so that HCSC may assess and prevent conflicts of interest from arising.

**B. AVOID CONFLICTS OF INTEREST**

1. A potential or actual conflict of interest is defined as a situation where other business, commercial, or personal interests compete with a Worker’s obligation to perform their job duties for HCSC. Additionally, a conflict of interest exists whenever there is a proposed transaction in which a Worker or their family member(s) has any actual or potential involvement, interest, or relationship, either directly or indirectly. Certain situations may present a conflict of interest and must be disclosed. They are: Familial Relationships That May Create Conflicts of Interest and Nepotism.
2. Workers must not conduct HCSC business with any entity in which they or their family owns at least five percent or controlling interest. A potential

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conflict of interest may also exist if a family member is in a managerial position. A family member of a Worker is defined as:

- a. Current spouse or domestic partner
- b. Person with whom a Worker is in a civil union
- c. Parent or stepparent
- d. Children (includes biological, adopted, foster or other legally placed children)
- e. Siblings (includes biological, step or half)
- f. Nieces and Nephews
- g. Grandparent or step-grandparent
- h. Grandchild or step-grandchildren
- i. In-Laws
- j. Corresponding family members of any Worker's spouse, domestic partner or person with whom the Worker is in a civil union.

3. Workers must not use information that comes to them through work or outside of work for personal investment or gain. Also, Workers must not share this type of information with family members or others.

4. *Favoritism or Nepotism*

Workers shall not engage in favoritism or nepotism. Favoritism is demonstrating partiality or using power or influence to aid another individual because of a personal relationship. Nepotism is a form of favoritism involving a family member.

- a. Employment of family members is permitted but may not be the sole basis for an employment decision. Employment decisions will be based on qualifications, ability and performance.
- b. Workers must avoid direct or indirect responsibility for the hiring or supervision of a family member. Even the appearance of favoritism can have a negative effect on morale and perception of HCSC's fairness to all Workers.

5. *Personal Relationships*

If someone close to a Worker, whether a family member or person with whom they have a close personal relationship (e.g., dating or physical), works for HCSC, a competitor, vendor, provider, customer, or producer, be aware of potential security or confidentiality issues and conflicts of interest and avoid situations that could reasonably create an actual, potential, or apparent conflict of interest. See HR Referral Policy which includes additional duty to disclose for Executive Leadership Group and above.

- a. Avoid close personal relationships (e.g. dating or physical) with another Worker where one individual supervises the other's performance, salary, schedule, or other working conditions.
- b. Immediately disclose and review these situations with immediate management or another Corporate Resource to see if there is a conflict and how to resolve it. It is the duty of each Worker to disclose and failure to do so may result in corrective action up to and including termination of employment or end of engagement.

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6. *Competing Against the Company*

Workers must not compete against HCSC, either directly or indirectly, in any of the products or lines of business that the company is currently selling or may be selling or developing.

7. *Gifts*

Workers must not accept or give gifts or gratuities beyond common business courtesies of nominal value. Workers must not offer anything of value to government, public or regulatory officials. Gifts and entertainment are a part of doing business, but if they are lavish or offered too frequently, they can compromise your objectivity and create the appearance of favorable treatment or a conflict of interest. See Corporate Policy 5.15 for rules and guidance on giving and receiving gifts.

8. *Outside Employment, Board Positions and Other Activities*

A conflict of interest may exist if an outside activity hinders or distracts a Worker from performing their job or influences their judgment.

- a. Do not engage in any activity that negatively impacts job performance.
- b. Recognize that a conflict of interest may exist if an outside activity hinders or distracts you from performing your job or influences your judgment.
- c. Generally, do not seek or accept any outside employment with a competitor, provider, or entity which does business with HCSC.
- d. Workers who seek to engage in other outside employment and activities should consult the [Conflicts of Interest Decision Tree](#), and complete the [Outside Employment/Activity/Board Position Questionnaire](#). A Worker should then discuss the Outside Employment/Activity/Board Position Questionnaire and any concerns with their Supervisor and if necessary, with other Corporate Resources.

9. *Healthcare Professional's Outside Clinical Practice and Vendor Interactions*

- a. All HCSC-employed healthcare professionals owe their primary professional allegiance (primary commitment of time and intellectual energies) to HCSC. However, HCSC leadership recognizes that health care professionals have unique professional requirements and circumstances that could make outside clinical practice permissible under certain limited circumstances. Certain outside clinical practice activities also may be beneficial to the healthcare professional's role at HCSC. Specifically, HCSC employed healthcare professionals may engage in outside clinical activities without compensation in the following circumstances:
  - i. Outside clinical activities to meet clinical practice requirements to obtain or maintain professional licensure or specialty certification.
  - ii. Outside clinical activities to maintain clinical practice skills or in connection with volunteer work.
  - iii. Outside clinical activities associated with teaching or other academic endeavors.

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- b. Additionally, certain outside clinical activities for compensation may be permissible if the following requirements are met and if the activities are reviewed and approved by the healthcare professional's immediate supervisor, departmental manager, and the appropriate Plan Medical Officer or appropriate divisional Vice President.
  - i. Activities are provided in a context that does not establish an ongoing healthcare professional/patient relationship – e.g., occasional shift work in hospital setting; intermittent staffing of emergency room or urgent care facility; temporary placements through a temporary staffing agency.
  - ii. Activities do not involve the healthcare professional taking the primary role in directing care of patient or ordering tests and services (except for immediate care and services provided in ER).
  - iii. The health care professional's compensation for such activities is paid on an hourly or shift basis and the healthcare professional does not directly bill the patient or any payor for such services.
  - iv. The outside clinical activity is not related to the healthcare professional's HCSC position and does not involve job functions like or connected to the job functions at HCSC; e.g., case managers, utilization review, discharge planners, claims processors, etc. cannot perform a similar function for any healthcare provider.
  - v. Additionally, healthcare professionals who are employed by HCSC on a contracted and/or part- time basis and whose licensure permits independent clinical practice may engage in such independent clinical practice if the healthcare professional is not in any way affiliated with a national accreditation organization (e.g., NCQA) and the activities are reviewed and approved by the healthcare professional's immediate supervisor, departmental manager, and the appropriate Plan Medical Officer or appropriate divisional Vice President.
- c. All other proposed outside clinical practice activities must be reviewed for compliance with this Policy by the healthcare professional's Senior Management, the appropriate Plan Medical Officer or appropriate divisional Vice President and, as necessary, by the Ethics and Compliance Department.
- d. Any outside clinical practice activities described herein are outside the healthcare professional's scope of employment at HCSC and would not be covered under HCSC liability insurance coverages; each healthcare professional engaged in outside clinical practice activities is responsible for determining their need for, and procuring, their own general and professional liability insurance coverage for such activities.
- e. Unusual clinical circumstances must follow the Exception Process outlined below.

#### 10. *Pharmacy Practice*

HCSC employed pharmacy personnel may not engage in outside pharmacy activities with a competitor, provider, or entity, which does or seeks to do business with HCSC. These entities include but are not limited to pharmacies, hospitals, medical practices, long- term care facilities, pharmacy benefit

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managers (PBM's), pharmaceutical manufacturers, and pharmacy benefit management consultants. HCSC leadership recognizes that pharmacy professionals have unique professional requirements and circumstances that could make outside pharmacy practice activities permissible under certain limited circumstances. Specifically, pharmacy personnel may engage in outside pharmacy activities without compensation in the following circumstances:

- a. Outside activities to meet pharmacy practice requirements to obtain or maintain professional licensure or specialty certification.
- b. Outside pharmacy practice activities in connection with volunteer work.
- c. Outside pharmacy practice activities associated with teaching or other academic endeavors.

All other proposed outside pharmacy practice activities must be reviewed for compliance with this policy by the pharmacy professional's Senior Management, appropriate Plan Medical Officer or appropriate divisional Vice President, and, as necessary, by the Ethics and Compliance Department following the exception process identified in this policy. Pharmacy personnel who are engaged in outside pharmacy activities which fall outside the exceptions noted above will meet with their immediate HCSC supervisor to outline their plan to terminate such activities within a reasonable period.

#### 11. *Vendor Relations*

When conducting business with outside vendors, Workers must award HCSC business to vendors and suppliers on behalf of HCSC based on objective and legitimate business decisions that are not improperly influenced by personal or other outside interests. Furthermore, every effort should be made to get the best value for HCSC, and, wherever practical, to award contracts after seeking and receiving competitive bids. Workers should not conduct business on behalf of HCSC with any business entity in which they or members of their family have 5 percent or greater ownership or controlling interest.

Furthermore, attendance at industry sponsored meals, networking events, and training/educational events hosted by pharmaceutical, medical device, or other health care specific company must be reviewed with departmental leadership and tracked in a log. This detailed log must include the hosting company's name, HCSC Workers in attendance, event date and location, and the business objective of the event. Divisional leadership will review the log of vendor sponsored events on a bi-annual basis to ensure appropriateness and business necessity. This requirement is not intended to create an obstacle or barrier to valuable business interactions, but rather to clarify specific vendor interactions that HCSC healthcare professionals may encounter which could result in real or perceived conflicts of interest by the Worker and/or HCSC as an enterprise.

### **C. PROCESS**

#### 1. *Annual Certification*

- a. On an annual basis, and from time to time as necessary, Workers shall complete a Conflict of Interest certification and other attestations, certifying they have disclosed all conflicts in accordance with the HCSC

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Code of Ethics and Conduct (the “Code”). On occasion, certain Workers may be required to complete other attestations.

- b. It is the responsibility of all Workers to immediately notify management of any conflict interest. By signing such annual certifications, Workers acknowledge they have read the Code, will comply with it and will update attestations in a timely manner. Workers disclosing conflicts will work with the Ethics and Compliance Department, Human Resources Workforce Solutions or other appropriate Corporate Resource to resolve any conflict. HCSC and the Worker will use best efforts to resolve conflicts however, in certain situations a Worker may be reassigned or discharged to avoid a conflict.

2. *Review of Conflict of Interest Reports*

The Legal Department and/or the Ethics and Compliance Department will review and comment upon each situation involving a conflict of interest and report as required to the Chief Executive Officer (CEO) and, President and the Corporate Board of Directors.

3. *Exception Process (Non-Health Care Professionals)*

Workers requesting an exception will work with their Supervisor, and their Vice President. If the Vice President approves the exception, the Vice President will then work with Legal, the Ethics and Compliance Department, and Human Resources Workforce Solutions to consider final approval of the exception.

4. *Exception Process (For Health Care Professionals)*

Workers who are health care professionals and are requesting an exception will immediately notify their supervisor and/or Senior Management of the extenuating circumstances and work with their Plan Medical Officer or appropriate divisional Vice President. If the Plan Medical Officer or appropriate divisional Vice President approves the exception, the Plan Medical Officer or appropriate divisional Vice President will then work with Legal, the Ethics and Compliance Department, and Human Resources Workforce Solutions to consider final approval of the exception.

5. *Disclosure*

This policy will be disclosed by the hiring manager during the recruitment process to any pharmacy or health care professionals during the recruitment process before the applicant accepts any position.

#### IV. CONTROLS/MONITORING

Control/Monitoring Document or Control/Monitoring Description	Control/Monitoring Owner
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On an annual basis, and from time to time as necessary, Workers shall complete a Conflict of Interest certification and other attestations, certifying they have disclosed all conflicts in accordance with the HCSC Code of Ethics and Conduct (the "Code").	Ethics and Compliance
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## V. RELATED DOCUMENTS

1. [HCSC Corporate Policy Manual](#)
2. [Compliance Program Charter](#)
3. [Corporate Policy 5.01 - Compliance Program](#)
4. [Corporate Policy 5.02 - Compliance with the Law](#)
5. [Corporate Policy 5.03 - Confidential Information](#)
6. [Corporate Policy 5.05 - Fair Competition](#)
7. [Corporate Policy 5.06 - Non-Retaliation](#)
8. [Corporate Policy 5.15 - Gift Policy](#)
9. [Outside Employment/Activity/Board Position Questionnaire](#)
10. [Corporate Policy 3.03 - Internal Controls](#)
11. [HCSC Code of Ethics and Conduct](#)
12. [Code of Ethics and Conduct for Vendors](#)
13. [Code of Ethics and Conduct for Directors](#)
14. [Code of Ethics and Conduct for Subsidiary Directors](#)
15. [HR Workforce Classifications Policy](#)
16. [HR Referral Policy](#)
17. [Conflicts of Interest Decision Tree](#)

## VI. POLICY REVIEWERS

Person Responsible for Review	Title	Date of Review
Jon Anderson	Director, Compliance Investigations/Hotline	4/12/24
Kelsi Hannan	Executive Director Enterprise Health Care Management	4/16/24
Carrie O'Gara	Exec. Director, Corporate Compliance	4/12/24

## VII. POLICY REVISION HISTORY

Description of Changes	Revision Date
Annual review with minor updates to existing language. Also added new language in Section III, B. 8 noting gifts and gratuities may create a conflict. Reference to new Gifts Policy 5.15 is included in Related Documents section. Addendum Policy No. 5.04-A (Original Effective Date: August 1, 2014) removed with relevant content combined into 5.04	5/2/24

## VIII. POLICY APPROVALS

Ethics and Compliance - Corporate Policy 5.04 - Conflict of Interest

Company, Division, Department and/or Committee	By: Name	Title	Approval date
CASSIP	Jill Wolowitz	EVP, Chief Administrative Officer & Chief Ethics, Compliance and Privacy Officer	4/24/24
Healthcare Management	Monica Berner, MD	Chief Clinical Officer	4/16/24
EPP Committee			5/2/24