

HEALTH CARE SERVICE CORPORATION
CORPORATE POLICY AND PROCEDURE

DEPARTMENT: Ethics and Compliance	
POLICY AND PROCEDURE NUMBER: 9.03	POLICY AND PROCEDURE TITLE: Office of Foreign Asset Control (OFAC)
EXECUTIVE OWNER: EVP, Chief Administrative Officer & Chief Ethics, Compliance and Privacy Officer	BUSINESS OWNER: Executive Director Corporate Compliance
ORIGINAL EFFECTIVE DATE (IF KNOWN): 4/24/02	COMMITTEE APPROVAL DATE: 10/24/24

I. SCOPE

This policy applies to employees and contingent workers ("Workers"), as defined in the Health Care Service Corporation, a Mutual Legal Reserve Company (HCSC) HR Policies, as well as Workers at HCSC subsidiaries and all members of HCSC's Board of Directors and subsidiary Board of Directors ("Directors").

II. PURPOSE

HCSC is committed to taking the necessary steps to comply with the applicable regulations and guidance issued by the Office of Foreign Asset Control (OFAC). The purpose of this policy is to establish guidelines regarding (1) who HCSC can do business with, (2) screening for excluded individuals and entities, and (3) reporting as appropriate.

III. DEFINITIONS

Ineligible parties are individuals and entities 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.

Specially Designated National ("SDN") means, per 31 C.F.R. § 515.306:

1. Any person who is determined by the Secretary of the Treasury to be a specially designated national,
2. Any person who on or since the "effective date" has acted for or on behalf of the Government or authorities exercising control over a designated foreign country, or
3. Any partnership, association, corporation or other organization which on or since the "effective date" has been owned or controlled directly or indirectly by the Government or

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authorities exercising control over a designated foreign country or by any specially designated national.

Note to 31 C.F.R. § 515.306:

Please refer to the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List ("SDN List") for a non-exhaustive listing of persons determined to fall within this definition, whose property and interests in property therefore are blocked pursuant to this part. The SDN List entries for such persons include the identifier "[CUBA]." The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: <http://www.treasury.gov/sdn>.

IV. POLICY

A. US Department of the Treasury and OFAC

1. The US Department of the Treasury, through OFAC, enforces federal laws and Presidential Executive Orders that restrict the transactions and other dealings in which U.S. persons may engage. Those restrictions are based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

2. As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs."

Additionally, OFAC maintains other sanctions lists that may have different prohibitions associated with them. Those lists are referred to as "non-SDN sanctions lists" and are published in a "Consolidated Sanctions List."

3. To facilitate the use of the multiple sanctions lists, OFAC provides a Sanctions List Search application at <https://sanctionssearch.ofac.treas.gov>. Organizations and individuals subject to US jurisdiction are prohibited from doing business with/or for any of the countries, individuals or entities that appear on the OFAC lists. Criminal and civil penalties are incurred and are based on whether the case was a voluntary or involuntary disclosure and whether the case was egregious or not.

B. OFAC Compliance

1. 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 doing business with "ineligible parties". Ineligible parties include individuals and entities who are listed as debarred or otherwise excluded from federal, state or local health care program participation or who have engaged in illegal activities or other conduct inconsistent with an effective compliance program.

2. HCSC will make reasonable efforts to screen any vendor, Worker, Director, policy holder,
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provider, or other such third party with whom we enter into or maintain a business relationship, from exclusion lists and OFAC lists. If HCSC's screening identifies an individual or entity on an OFAC list, the screener must report this finding to the leader of the HCSC Ethics and Compliance Department.

3. Failure to comply with these policies and procedures could subject Workers to disciplinary action, up to and including termination of employment or termination of engagement.

4. The Compliance Officer shall be responsible for implementing and enforcing this policy as part of HCSC's Code of Ethics and Conduct.

V. PROCEDURE

A. OFAC Procedure

1. HCSC will perform the following functions to comply with the OFAC requirements:

- a. Purchasing will ensure new vendors are screened against the OFAC list at the time of vendor creation and via the automated Supplier Registration Request process through Government Programs Compliance.
- b. The Treasury Investment Department will review investment guidelines and investments to ensure that HCSC assets are not invested through or in entities on the OFAC list. This process occurs through the standard procurement processes.
- c. The Treasury Operations Department as an extra layer of due diligence screens monthly Electronic Funds Transfer (EFT) payment activity in partnership with Government Programs Compliance.
- d. Human Resources through its vendor will screen every applicant and all Independent Contractors for employment against the OFAC lists as part of Background Investigation process.
- e. All policyholders (group and individual) and all ASO groups will be screened on an ongoing basis including at renewal through the automated batch screening process managed by Government Programs Compliance.
- f. All providers will be screened by the appropriate HCSC business area (Enterprise Credentialing, Provider Data Integrity, Network and/or the delegated entity) before a provider ID is issued and prior to entering HCSC networks.
- g. Producer Administration will screen all producers against the OFAC list at the time of producer onboarding.
- h. When claims for blocked countries, entities or persons are presented to the Fraud Control Unit and/or Ethics and Compliance, they will be investigated, and a decision will be rendered regarding payment.
- i. Screening of the OFAC lists will be conducted before any charitable contribution of money or any other corporate assets is made.

2. In addition to upfront screening, Government Programs Compliance oversees all batch screening (ongoing cumulative screening). Workers, Directors, Providers, Producers and vendors' cumulative files are batch screened weekly. Policyholders are batch screened monthly.

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3. If a Worker conducts any screening and finds that the entity or individual screened is listed on an OFAC list, the Worker must complete the attached report (Exhibit A) within 24 hours of the screening and submit the report to HCSC's Ethics and Compliance Executive Director. A copy of the report must also be provided to the Worker's immediate supervisor.
4. In addition, if any individual has reason to suspect that HCSC is doing business with entities and/or individuals that may be engaged in suspicious activities or listed by OFAC, they should report this information immediately to either their supervisor, the Executive Director Corporate Ethics and Compliance (by contacting <https://hcsc.alertline.com>, or by calling the confidential hotline (800) 838-2552) or by emailing Government Programs Compliance at gpcdebarment@bcbsil.com.
5. In the event of a positive OFAC match in which a transaction was rejected or occurred, the Ethics and Compliance Executive Director or their delegate should initiate reporting to the Department of Treasury via the OFAC Hotline at 1-800-540-6322 or the OFAC Reporting System.
 - a. To register for access to OFAC Reporting System (ORS), please email OFACReport@treasury.gov and include the name of the reporting institution, the name and email of the primary point of contact and any other person empowered to file reports
 - i. This process requires identity verification through IDMe and typically requires two registrants.
 - b. If ORS is temporarily inoperable or if directed by OFAC, persons subject to OFAC reporting requirements may submit reports on blocked property and rejected transactions using the relevant forms found on the DOT website: [OFAC Reporting System | U.S. Department of the Treasury](#). Filers must send completed forms to OFACReport@treasury.gov.

VI. RELATED DOCUMENTS

1. [Code of Ethics and Conduct](#)
2. [HR Workforce Classifications Policy](#)
3. [HR Background Investigations Policy](#)
4. [Ineligible Parties Validation Policy No. 5.11](#)
5. [Non-Retaliation Policy – Corporate Policy No. 5.06](#)
6. [Compliance with the Law – Corporate Policy No. 5.02](#)

VII. SOURCES/REFERENCES

1. Office of Foreign Assets Control, Department of the Treasury, [31 C.F.R. §§ 500 et. seq.](#)
2. Alphabetical Listings: Specially Designated Nationals and Blocked Persons; Blocked Vessels; Persons Determined To Be the Government of Iran, [76 Fed. Reg. 38533](#)
3. Agency Information Collection and Reporting Activities; Electronic Filing of Bank Secrecy Act (BSA) Reports; Final Notice, [77 Fed. Reg. 12367](#)

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4. Nonprocurement Debarment and Suspension, [2 C.F.R. § 376](#)

VIII. IMPACTED BUSINESS AREAS

1. Ethics and Compliance
2. Government Programs Compliance
3. Procurement
4. Purchasing
5. Tax
6. Treasury Operations
7. Treasury Investments
8. Strategic Sourcing
9. Credentialing
10. Human Resources
11. Underwriting

IX. POLICY REVIEWERS

Person Responsible for Review	Title	Date of Review
Kim Green	DSVP Corporate and Govt Programs Compliance Officer	10/10/24
TJ Spohnholtz	VP Chief Procurement Officer	10/3/24
Manika Turnbull	SVP Chief HR Officer	10/4/24
Kayla Snowden	Exec Dir Provider Data Strategy & Consulting	10/3/24
Scott Womack	VP Corporate Tax	10/3/24
Kathy Selck	DSVP & Chief Underwriter	10/17/24
Carrie O'Gara	Executive Director Corporate Compliance	10/3/24
Catherine Nelson	EVP & Chief Legal Officer	10/3/24
Norm Beck	Vice President Litigation	10/3/24
John Kosky	VP Dearborn General Council	10/8/24
Laura Lauer	Director Investment Accounting & Reporting	10/3/24
Fred Peterson	Director Procurement & Support Services	10/3/24
Brian Kelly	Senior Director Investment Portfolio Management	9/11/24

X. POLICY REVISION HISTORY

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Description of Changes	Revision Date
Annual review with minor updates; update name of Executive Owner, remove line of business review, update titles.	10/24/24

XI. POLICY APPROVALS

Company, Department, Division and/or Committee	By: Name	Title	Approval date
CASSIP	Jill Wolowitz	EVP, Chief Administrative Officer & Chief Ethics, Compliance and Privacy Officer	10/8/24
EPP Committee			10/24/24

XII. POLICY ATTACHMENTS / ADDITIONAL INFORMATION

Exhibit A: OFAC Compliance Report

Exhibit A

Date:

To: Leader of the Ethics and Compliance Department

From:

Subject: OFAC Compliance Report

Name: _____ Ext. _____

Location: _____

Department: _____

Immediate Supervisor: _____

Vice President: _____

Match to OFAC Lists - Please provide the following information:

Name: _____

Address: _____

Social Security Number: _____

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Entity/Individual is:

_____ Policyholder - type of product _____

_____ Provider _____ Vendor _____ Other (Please specify)

_____ Subscriber/Member - Please provide policy number and type of product

Any Other Relevant Information (please describe in detail)
