

# Compliance Program

Ethics Connects Us

August 2025

Living Our Purpose  
and Core Values



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# Our Code, Our Commitment



## 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 a commitment to the highest standard of business ethics and integrity, including 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 requires that 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 ethics and integrity.

To implement 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 which includes:

- The Code of Ethics and Conduct attached as Appendix A (“the Code”)

- The Vendor Code of Ethics and Conduct attached as Appendix B (“the Vendor Code”)
- The Code of Ethics and Conduct for Directors attached as Appendix C
- The Code of Ethics and Conduct for Subsidiary Directors attached as Appendix D
- Government Programs Compliance Policies attached as Appendix E

The HCSC Compliance Program takes the following standards into account:

- 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”) guidance documents;
- U.S. Department of Justice (“DOJ”) and Centers for Medicare and Medicaid Services (“CMS”) guidance documents; 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.

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;
- Detect unethical or unlawful behavior as soon as possible when it occurs;
- Provide mechanisms to appropriately disclose such behavior to authorities; and
- Actively and fully cooperate in any investigation or regulatory inquiry.

The process for maintaining the Code includes an annual review by the Corporate and Government Programs Compliance Department and the Legal Division to ensure the Code is kept current with best practices and all Applicable Laws and regulations.

Under certain 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 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 regarding such contracts.

## 1.2 Detailed Policies, Procedures and Corporate Standards

### General

The Code sets forth the fundamental legal and ethical principles for conducting all aspects of the Company's business. Detailed Company policies, procedures and corporate standards for conducting business are contained in the Corporate Policy Manual ("CPM"), Human Resources Policies, Information Security Policies and other divisional policies and procedures. Policies and procedures in the CPM are reviewed and approved by the Enterprise Policy and Procedure Committee. Divisional policies and procedures are reviewed and approved by their respective review committees.

While each worker may not have a personal copy of each of these resources, the Chief Ethics and Compliance Officer ("CECO") coordinates with management to ensure that all workers have open access to the CPM, Human Resources Policies, Information Security Policies and specific policies and procedures related to their duties and responsibilities. All employees will receive notification as to the location of such resources at least annually. These resources are posted on HCSC's intranet site.

### Government Programs

In addition to the Company's policies, procedures and corporate standards, there are Government Programs Compliance Policies and Procedures applicable to individuals who perform services on one or more Government Programs. Such Government Programs Compliance Policies are included as Appendix E.

## 2.0

# Designation and Administration of the Compliance Program

### 2.1 HCSC Board of Directors

The HCSC Board of Directors adopted and supports and monitors the implementation of this Compliance Program, including all relevant Codes of Conduct (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), and Medicaid and/or Government Sponsored Children’s Health Insurance Program (herein “CHIP”) contracts (hereinafter collectively referred to as “Government Programs”).

### 2.2 Compliance Committee of the HCSC Board

#### General

The committee of HCSC’s Board of Directors responsible for assisting the Board in its oversight of compliance matters (hereinafter the “Board 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 Committee is responsible for maintaining strong Board of Director involvement in ensuring that HCSC has a robust and effective Compliance Program. The Board Committee and HCSC’s Chief Ethics and Compliance Officer CECO maintain close communications among themselves (see Section 2.2) and with the HCSC Board of Directors and addresses and reviews matters concerning or relating to the Compliance Program so that it can take appropriate action or make appropriate recommendations for Board action. The Board Committee plays a role in the hiring, evaluation and compensation of the CECO. Because the CECO must be free to raise compliance issues without fear of retaliation, the Board Committee must provide its approval before the CECO, can be terminated from employment.

#### Duties

In carrying out its responsibilities under the Compliance Program, the Board Committee:

- Provides 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, reviews the Compliance Program and presents the Compliance Program and any changes or amendments to the HCSC Board of Directors for approval. Approval must be granted before any changes and amendments, including the Compliance Program reporting structure and lines of communication take effect.
- Provides oversight and supports the implementation, administration and continuing operations of the Compliance Program.

- Receives regularly scheduled, periodic updates from the Compliance Officers, including a summary of the Medicare Compliance Committee and Corporate Compliance Committee meetings 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.
- Remains informed about governmental compliance program and enforcement activity, such as Notices of Non-Compliance, Warning Letters and/or more formal sanctions.
- Reviews the results of performance and effectiveness assessments of the Compliance Program.
- Recommends 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 CECO is a member of senior leadership and is responsible for the administration of the Compliance Program for the Company, and also serves as the Civil Rights Coordinator. The CECO defines the Compliance Program structure, educational requirements, reporting and complaint mechanisms, response and correction procedures and compliance expectations of all personnel and vendors. The CECO reports to the Board Committee and the HCSC President and Chief Executive Officer (CEO). Any changes to the reporting relationship must be pre-approved by the Board Committee.

### Authority

The CECO has the authority to review all documents and other information the CECO believes is relevant to the Company's compliance activities. The CECO is independent and has express authority to provide unfiltered, in-person reports at their discretion to the Board Committee and to communicate promptly and personally to the Board Committee on any matter involving criminal conduct or potential criminal conduct. The CECO promptly reports to the Chair of the Board 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 promptly notifies the Chair of the Board Committee and, if warranted, promptly initiates an independent investigation. Further, the CECO has 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 has 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.
- Recommend policy, procedure and process changes.

## Duties and Responsibilities

The duties and responsibilities of the CECO include:

- 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 workers.
- 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 Compliance Program's requirements when performing contractual functions. Further coordinate with management to determine whether and to what extent a consultant, contractor, 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 CEO and the Board Committee. At least annually, the CECO meets with the Board Committee in executive session to report on the operation and efficacy of the Compliance 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 members to report suspected health care FWA or other misconduct to HCSC. Any calls received on this hotline that credibly allege a material violation of criminal or civil law by HCSC will be referred to the CECO, including,

without limitation, those calls relating to its Government Programs and Exchange requirements, dealing with health care FWA.

- Work with the Chief Audit Executive 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 leaders of Corporate Compliance and other relevant functions to ensure effective coordination of programs and issues 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 will be referred to the CECO, including, without limitation, those matters related to its Government Programs, dealing with health care FWA.
- Review with the Chief Legal Officer and President and CEO the report of responses to the Company's conflict of interest questionnaire as prepared by the Corporate Compliance Department's Investigations team. The report summarizes the conflicts of interest process, including the number of disclosures and resolution of potential and actual conflicts. A summary of the report is 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.
- 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 applicable Government Programs Compliance 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 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 CEO and the Board 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 Compliance 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 Corporate Compliance Committee and the Board Committee.
- Be responsible for oversight of all certifications filed by Directors and employees relating to compliance and training.

## 2.4 Corporate Compliance Committee

### General

The Corporate Compliance Committee will provide oversight, advice, support and general guidance, as appropriate, to the CEO in the discharge of their responsibilities. The Corporate Compliance Committee is comprised of the following voting members:

- HCSC President and CEO
- Leaders of the following internal functional areas:
  - Markets
  - Operations
  - Strategy
  - Finance
  - Legal
  - Human Resources
  - Clinical
  - Medicare
  - Medicaid
  - Government Programs Compliance
  - Corporate Compliance
  - Audit Services
  - Other individuals deemed appropriate

The HCSC President and CEO in consultation with the CEO appoints such other persons to the Corporate Compliance Committee as they deem appropriate. The Corporate Compliance Committee is chaired by the CEO, who is also a voting member of the Corporate Compliance Committee.

The CECO keeps the Corporate Compliance Committee informed of any significant actions taken with respect to the implementation, administration and operation of the Compliance Program and prepares recommendations on compliance-related policies, procedures and corporate standards for review by the Corporate Compliance Committee. The Government Programs Compliance Officer keeps the Corporate Compliance Committee informed regarding all significant compliance issues regarding performance under the Government Programs and reports all significant governmental communications, inquiries, investigations or other actions to the CECO 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 appoints a Compliance Officer and that Subsidiary Compliance Officer reports all significant compliance issues to the leader of Corporate Compliance and/or the Government Programs Compliance Officer who, in turn, reports 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, workers 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 workers.
- Ensuring proper evidence of the Compliance Program's effectiveness.
- Establishing heightened awareness of compliance issues and improving worker's skills in dealing with these issues.

## Duties

In carrying out its responsibilities, the Corporate Compliance Committee undertakes 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 embed 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 workers 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 workers.
- **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 ensures that those employees who are assigned operational responsibilities relating to the Compliance 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 and incentives to promote worker's compliance including the reporting of improper activities, misconduct and violations of law, regulations or the Compliance Program. The decision to report violations to appropriate governmental agencies is 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 FWA, 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 submits to the Corporate 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 either 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 open environment that fosters compliance, promotes disclosure and remains 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 is a part of each member of management's performance standards and evaluation. Failure to address known issues of noncompliance in a timely and appropriate manner, including responding to Corporate and Government Programs Compliance requests for information or documentation regarding an issue of noncompliance, 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 sets high ethical standards for themselves and demonstrates their commitment to the Compliance Program by exemplary behavior. They 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 takes 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 will be notified. When an issue arises as to whether proposed or existing conduct violates the law, regulations or Exchange requirements, the Legal Division is 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.

## 2.8 Privacy

The Chief Privacy Officer 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 which includes Protected Health Information, State Personal Information and Contract Personal Information as well as HCSC's Business Confidential Information.

## 3.0

### Training and Education

The CECO directs 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 ensures 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 ensures that the compliance communication and training program is implemented at each of the Company's operational areas and each Subsidiary. The CECO works 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 receive an orientation on the Compliance Program, Applicable Laws, and regulations and Exchange requirements, including those dealing with health care FWA. New directors and workers 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 FWA. Training may be conducted using instructor-led, computer-based or other alternate means of delivery.

The CECO interacts with management on a regular basis to explain the significance of the Code and to determine if additional training is needed. The CECO encourages 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 is 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 certify that they:

- Have read or will read and 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 are reviewed and retained by the Corporate Compliance Department. All certifications are retained in accordance with the Policy on Record Retention.

## 4.0

# Company Compliance Hotline – Open Communication and Reporting

The CECO ensures 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 ensures that the system is implemented in each of the Company's operational areas and Subsidiaries.

The Code provides information about the resources available to assist workers in resolving any questions or concerns. The list of available resources are updated and made available annually to all workers. Further, the Code contains a description of and the toll-free telephone number for the Corporate Compliance HOTLINE and information on any other resources which workers may use (anonymously, if desired) if they do not want to raise questions or disclosures with their supervisory management. The Code explains the extent to which reports of wrongdoing will be kept confidential.

The Company ensures that workers who raise these matters are treated with respect and are not subject to retaliation.

A confidential, written record is maintained reflecting each communication concerning possible violations of the Compliance Program. Whenever a possible material violation of the Code is reported, the CECO is notified. In each such instance, the CECO or designee conducts 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 notifies and consults with the Chief Legal Officer and other appropriate counsel with respect to the matter and notifies the HCSC President and CEO, and/or the Chair of the Board Committee.

When an investigation is initiated, steps are taken to ensure the appropriate preservation of relevant documents in coordination with the Legal Division. Routine document destruction procedures are 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 are instructed to retain them or to turn them over to the investigative team. A record is 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.

## 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 initiates an internal investigation, promptly notifies the Chair of the Board Committee, the HCSC President and CEO, the Chief Legal Officer of such alleged misconduct, and takes 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”), conducts and coordinates audits of HCSC’s operational and financial controls and performance guarantee calculations for all HCSC’s largest customers. Corporate Governance supports AS by providing 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 reports to the Chair of the HCSC Board Committee and indirectly up through the CECO.

AS performs audits of the Company’s financial and business operations to provide recommendation to improve the Company’s control environment and help the Company achieve its strategic goals. AS uses all traditional audit techniques, including sampling and data analysis, to confirm 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 Board Committee. AS plans its work based on an annual Audit Risk Assessment performed in conjunction with the Legal, Corporate Compliance, Enterprise Risk Management, Privacy and Government Programs Compliance 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 these areas deem reasonable. The audit plan and the compliance audit plan are developed based on the results of this risk assessment. AS meets with the Board Committee annually to review the audit plans and reports progress and results throughout the year.

AS audits and coordinates its work 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 and regulatory compliance processes and controls;
- Projects and audits of subsidiaries, other related parties and third-party related processes and controls;
- Projects and audits of information systems controls, information security, business resiliency and disaster recovery;
- Projects and audits of performance guarantee calculations for HCSC’s largest customers;
- Coordination of external audits performed by customers, vendors, states, local and federal agencies as well as the Blue Cross Blue Shield Association; and
- Support of the external auditor’s financial statement audit and SOC reports.

## 7.0 Employment and Contract 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, entering into or doing business 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, 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 does 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 will the Company employ personnel in positions with substantial authority that the Company knows or reasonably should know has engaged in illegal activities or other conduct inconsistent with an effective compliance program.

All job applications 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.

**After a conditional employment offer has been made, job applicants are 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 makes 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 includes at least a review of the Office of Inspector General (“OIG”) List of Excluded Individuals and Entities and of the System for Award Management (“SAM”) Excluded Parties List System, the Office of Foreign Asset control list, any available state Medicaid exclusion lists, and may from time to time, as determined by the CECO, include screening for other criteria or of other lists. This screening is 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 are screened against the lists mentioned above at least monthly. HCSC severs 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 are 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.hiscompliance.com](http://www.hiscompliance.com).

## 8.0 Disciplinary Standards

Disciplinary action is taken on a fair and equitable basis. Such actions can range from coaching to suspension, financial penalties or termination. While some disciplinary action can be handled by department managers, others may need to be resolved by a senior level manager. Disciplinary action may be appropriate where a responsible worker’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 worker of the Company to:**

- Engage in any conduct prohibited by the Code;
- Fail to report misconduct of which the worker is aware, through the channels identified in the Code;
- 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 worker has responsibility for enforcing the Code.

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

# Government Programs



## 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-SNPs)], 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”) 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, workers, First Tier, Downstream and Related Entities or the equivalent subcontracting entities (collectively referred to as “FDRs”) and other individuals working under a Government Programs contract. Government Contract Holder officers, Governing Body members, managers, workers, FDRs and other individuals working under a Government Program contract adheres to the highest legal and ethical standards and performs 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 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 Committee) adheres 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 are familiar with, review, and approve this Government Programs Section of the Compliance Program, and reviews and approves any subsequent changes to this Government Programs Section of the Compliance Program. For purposes of this Government Programs Section of the HCSC Compliance Program, 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 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

as an Appendix E. These policies are 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 Government Programs Compliance Policies are posted on the Company’s intranet site which is available and accessible to all workers without requiring an additional log-in.

Also, a website is maintained 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 is found at [www.hiscompliance.com](http://www.hiscompliance.com).

### Retention of Records and Information Systems

Government Contract Holders and their FDRs adopt detailed policies, procedures and corporate standards regarding the retention of documents that at a minimum: (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 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.

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

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

These policies 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.
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 Government Programs Compliance 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, are posted on the Company's intranet site which is available and accessible to all Government Contract Holder workers. The Corporate Compliance Department maintains documentation appropriate to show that the Standards of Conduct and Government Programs Compliance Policies were made available to workers.

In addition to contractual obligations requiring FDRs to adhere to the Compliance Program, including this Government Programs Section and Government Programs Compliance Policies, a website is maintained 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 is found at [www.hiscompliance.com](http://www.hiscompliance.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 will 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 reports to the CEO and periodically reports to the HCSC President and CEO, the Presidents of the HCSC Divisions, the Governing Bodies of the Government Contract Holders and the 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 is a full-time employee of HCSC and this position will not be delegated to any other entity.

#### Authority

The Government Programs Compliance Officer has 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, considering 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 has 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 is provided with sufficient staff and resources to carry out their duties.

#### Responsibilities and Duties

The responsibilities and duties of the Government Programs Compliance Officer includes, but are not limited to, the implementation and administration of this Government Programs Section of the Compliance Program.

### The Government Programs Compliance Officer:

- Designs and directs 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.
- Ensures 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 reviews the Compliance Program, including this Government Programs Section, to ensure its relevance and recommend to the CECO, Corporate Compliance Committee, Medicare and Medicaid Compliance Committees, to the HCSC President and CEO, the Presidents of the HCSC Divisions, 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 Compliance Program, and to incorporate and follow applicable industry practices and standards.
- Reports on a regular basis to the CECO, Corporate Compliance Committee, the HCSC President and CEO, the Presidents of the HCSC Divisions, Governing Bodies of the Government Contract Holders and the Medicare and Medicaid Compliance Committees. The Government Programs Compliance Officer reports regarding the operation of this Government Programs

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

- Oversees an effective training and education program regarding the Government Programs contracts for Government Contract Holder officers, Governing Body members, managers, workers 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 occurs at least annually and are made a part of the orientation for new officers, Governing Body members, managers, workers and other individuals working under a Government Program. The Government Programs Compliance Officer may leverage the Corporate 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 training initiatives. Completion of such training is required for such individuals to continue to perform services under any Government Program.
- Ensures 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.
- Ensures that every officer, Governing Body member, manager, worker, 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. Workers who perform services under any of the Government Programs must complete a certification acknowledging that

they will comply with and are unaware of any violations of the Compliance Program, including this Government Programs Section.

- Works with the HCSC Chief Privacy Officer 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.
- Receives results of all internal audit reports and works closely with key individuals to identify aberrant trends in all areas that require certification.
- At least annually, assesses 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 are reported to the Corporate Compliance Committee and the Board Committee. At least once every three years, this assessment is performed by an external vendor.
- Ensures 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 at least monthly and coordinate any resulting issues with Human Resources, Security, Legal or other departments as appropriate.
- Develops and implements methods and programs that encourage managers, workers, 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).

- Oversees the development, implementation and monitoring of corrective action plans for Government Contract Holders.
- Coordinates potential fraud investigations/referrals with the Special Investigations Department and the appropriate Investigations Medicare Drug Integrity Contractor (“I-MEDIC”), as applicable. 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 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.
- Is aware of daily business activity by interacting with the operational units of the Government Contracts Holders.

The Government Programs Compliance Officer has the authority to:

- Interview or delegate the responsibility to interview workers 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.
- Recommend policy, procedure, process changes and disciplinary action, as appropriate.

## 10.2 Medicare Compliance Committee

### General

The Medicare Compliance Committee is accountable to and regularly reports through the Government Programs Compliance Officer to the Corporate Compliance Committee and the Governing Bodies of the Government Contract Holders, and provides oversight, advice, support and general guidance to the Government Programs Compliance Officer in the discharge of their responsibilities. The Government Programs Compliance Officer chairs this Committee and keeps the Medicare Compliance Committee informed of any significant actions taken with respect to the implementation, administration and operation of the Compliance Program and prepares recommendations on compliance-related policies, procedures and corporate standards for review and approval by the Medicare Compliance Committee. If considered appropriate, the Medicare Compliance 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 reports to the Medicare Compliance Committee on a quarterly basis.

The membership of the Medicare Compliance Committee is defined in the Medicare Compliance Committee Charter. In all cases, this includes the President(s) 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 Medicare Compliance Committee, to implement this Government Programs Section of the HCSC Compliance Program.

### Responsibilities and Duties

The Medicare Compliance Committee:

- Meets at least on a quarterly basis, or more frequently as necessary to enable reasonable oversight of the Government Programs Compliance Program.
- Builds an appropriate infrastructure for the administration of this Government Programs Section of the Compliance Program, including mechanisms and systems for long-term support.
- Ensures 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.
- Provides regular and ad hoc reports on the status of compliance with recommendations to the Government Contract Holder's Governing Bodies.
- Ensures that the committee members include staff from various backgrounds and functions.
- Ensures that key Business Owners report regularly to the Committee on Government Programs Compliance issues and remediation within their areas of responsibility.
- Analyzes the regulatory environment and the legal requirements with which Government Contract Holders must comply. In addition, analyzes specific risk areas and makes recommendations to the Government Programs Compliance Officer with regards to the Compliance Program.

- Assists with the creation and implementation of the Government Programs Compliance risk assessment and of the Government Programs Compliance monitoring and auditing work plan.
- Monitors the results of internal and external audits, reviews and monitors activities to identify risks and issues of noncompliance. If issues are identified, collect appropriate evidence of corrective action.
- Develops strategies to promote compliance and the detection of any potential violations.
- Assists in the creation, implementation and monitoring of effective corrective actions and ensures that monitoring is performed to ensure that those corrective actions are effective.
- Develops innovative ways to implement appropriate corrective and preventative actions.
- Ensures that all regulator inquiries are responded to in a timely and complete manner.
- Reviews and approves compliance and FWA training, and ensures that training and education are effective and appropriately completed. This responsibility may be delegated, with appropriate oversight from the committee.
- Reviews 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.
- Reviews the HCSC Compliance Program and any related compliance policies on an annual basis and provides a recommendation to the Board of Directors to approve or amend as appropriate.

- Ensures that the Government Contract Holders have a system for workers and FDRs to ask compliance questions and report potential instances of Government Program noncompliance and potential FWA confidentially or anonymously (if desired) without fear of retaliation.
- Ensures that Government Contract Holders have a method for enrollees to report potential FWA.

HCSC establishes and maintains a Regulatory Compliance Committee for each state Medicaid plan. They have similar responsibilities and duties as the Medicare Compliance Committee.

### 10.3 Governing Bodies

#### General

The Government Contract Holders' Boards of Directors adopts, supports and monitors 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 all Government Programs contracts. The HCSC Board of Directors has designated the Board 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 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 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, review the Compliance Program, including this Government Programs Section, and recommend any changes and amendments they consider appropriate. The Board Committee, the CECO and the Government Programs Compliance Officer maintain regular communications with the Government Contract Holders' Boards of Directors, and address and review matters concerning or relating to the Compliance Program, including this Government Programs Section, so the Board Committee can take appropriate action or make appropriate recommendations. Minutes of Governing Body meetings must be maintained 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:

- 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 Medicare Compliance Committee which includes data that shows the effectiveness of this Government Programs section of the Compliance 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.
- 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 Committee recommends 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 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 occurs within 90 days of hire (and annually at a minimum thereafter) for all new workers, including new appointment to a chief executive, senior administrator manager or Governing Body member. Completion of such training is required for such individuals to continue to perform services under the Government Programs.

Applicable Medicare and Medicaid contract management teams are responsible for ensuring that all workers and FDR employees who are 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 maintain appropriate documentation to demonstrate that workers have fulfilled their training requirements. This documentation is maintained in accordance with the HCSC Records Retention policy.

HCSC reviews and updates, 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 reports directly on a regular basis to the CEO, the Corporate Compliance Committee, the Medicare and Medicaid Compliance Committees, the HCSC President and CEO, 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 set in the Code. Government Contract Holders 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 workers, 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, online reporting or mail drops) and ensure that workers who make good faith reporting of compliance concerns and participate in the Compliance Program are treated with respect, are not subject to retaliation and have the right to be treated as whistleblowers under applicable law. The methods

available for reporting Compliance or FWA concerns and the Non-Retaliation Policy are publicized throughout HCSC's and FDR's facilities. Any Subsidiary Compliance Officer reports to the Government Programs Compliance Officer on a regular basis regarding issues related to Government Programs and any specific Government Programs Compliance Program.

### 12.3 FDR Communications

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

As part of the larger communication strategy, FDRs that partner with multiple sponsors may train their workers 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-Publicized Disciplinary Standards

### 13.1 Disciplinary Standards

Management and supervisory personnel 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 are 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 are a 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 the Corporate Compliance 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 misconduct of which they are aware, through the channels identified in the Code;

- 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 is 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, internal communications, online 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 website. It is the responsibility of the Government Programs Compliance Officer to ensure 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 is taken on a consistent, fair and equitable basis. Such actions can range from coaching to suspension, financial penalties or termination. While some disciplinary action can be handled by department managers, others may need to be resolved by senior management. Disciplinary action may be appropriate where a responsible worker'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 Responsibilities

The Government Programs Compliance Officer:

- Ensures 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 directs the implementation of internal systems and controls to mitigate risk and reinforce compliance with Applicable Laws and regulations and contract terms.
- Identifies risks and develops methods to score the various risk areas. Reviews the highest risks and determines the most appropriate mitigation strategy.
- Establishes monitoring and reporting processes.
- Ensures that a mechanism to assure FDRs oversee their downstream entities has been developed and implemented.
- Ensures that a mechanism for monitoring fraud has been developed.
- Monitors conflict of interest and debarment processes for internal individuals/entities as well as FDRs.
- Works with the HCSC Chief Audit Executive, 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.

- Ensures 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 evaluates vendors whose contracts impact Government Programs to determine whether they qualify as an FDR 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, regulations and the HCSC Compliance Program.

Delegation Oversight and delegate Contract Business Owners 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 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 obtains a summary of the audit work plan and audit results that relate to the services the FDR performs.

Government Contract Holders include in the audit work plan the number of first tier entities that will be audited each year and how the entities are identified for auditing, including on-site audits.

Delegation Oversight and delegate Contract Business Owners conduct specific monitoring of first tier entities to ensure they fulfill the compliance program requirements. These monitoring activities are performed on a risk basis. 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 First Tier Contract Business Owners develop mechanisms for monitoring for fraud, conflict of interest and debarment. When corrective action is needed, the Government Contract Holder ensures that corrective actions are taken.

## 15.0

# Responding to Compliance Issues

### 15.1 Corporate Compliance HOTLINE

Government Contract Holders are committed that all workers 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 Compliance HOTLINE (800-838-2552)** allows individuals to seek guidance or report a matter of concern. Workers, 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 Compliance HOTLINE can be made anonymously and without fear of intimidation or retaliation. Callers are encouraged to provide adequate information 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 worker or other individual who makes a good faith call to this hotline.

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

### 15.2 Hotline & Investigations

The Government Programs Compliance Officer:

- Works closely with the HCSC leaders of Corporate Compliance and Special Investigations to ensure effective coordination of programs and issues involving related investigations. The HCSC Special Investigations Unit support the Government Programs Compliance Officer in handling investigations, corrective actions and communications that involve potential FWA 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 are referred to the Government Programs Compliance Officer, including, without limitation, those matters dealing with Government Programs-related health care FWA.
- Coordinates with HCSC’s Human Resources Department and Corporate Compliance Department, as appropriate, so that any worker disciplinary actions taken as a result of noncompliance related to any Government Programs are implemented in a manner that is consistent, fair and equitable.
- Utilizes 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.

- Maintains documentation of all calls received by the hotline relating to Government Programs and maintains 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.
- Maintains a confidential, written record reflecting each communication concerning all potential violations of this Government Programs Section of the Compliance Program.
- Ensures 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 initiates 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 refers 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 are taken to ensure the retention of relevant documents. Routine document destruction procedures are suspended insofar as they may affect documents relevant to the potential violation. Individuals who may possess relevant documents are instructed to retain them or to turn them over to the investigative team. The Government Programs Compliance Officer maintains a record of all workers to whom such a request is made and of all categories of documents retained for purposes of the investigation.
- Implements 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.
- Maintains procedures to self-report potential noncompliance, fraud or misconduct related to Government Programs to CMS or other appropriate regulatory authority.
- Evaluates, 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 are addressed by the Government Programs Compliance Officer, including, without limitation, those calls relating to its Government Programs, dealing with health care FWA.



# Appendices

## Ethics Connects Us



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

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

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

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

**Appendix E.** Government Programs Compliance Policies

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