

## MEDICARE AND GOVERNMENT CONTRACTS COMPLIANCE PROGRAM

### HEALTH CARE SERVICE CORPORATION MEDICARE AND GOVERNMENT CONTRACTS COMPLIANCE PROGRAM (Revised February 2012)

#### I. POLICY STATEMENT

##### A. Standard of Conduct

This Medicare and Government Contracts Compliance Program applies specifically to the operations of any Medicare Advantage, Medicare Part D, or Medicaid contract (collectively, “Government Contracts”) held by Health Care Service Corporation (“HCSC”), a Mutual Legal Reserve Company, or any of its subsidiary companies that hold a Medicare Advantage, Medicare Part D or Medicaid contract. A list of HCSC subsidiaries that hold a Medicare Advantage, Medicare Part D or Medicaid contract, to which this Medicare and Government Contracts Compliance Program applies, is incorporated herein as **Appendix A** (hereinafter referred to as “Subsidiary” or “Subsidiaries”).

HCSC is founded on basic principles of good business behavior. Among these principles is a commitment to the highest standard of business ethics and integrity, and strict observance of and compliance with the laws and regulations governing the business operations of HCSC, in particular, the services that it performs, or has delegated to others to perform, pursuant to any Government Contract held by HCSC or its Subsidiaries. HCSC, on behalf of itself and its Subsidiaries, has established and maintains this Medicare and Government Contracts Compliance Program, which places additional obligations and responsibilities on HCSC, its Subsidiaries, and any employees, agents and independent contractors who perform delegated services on behalf of HCSC or its Subsidiaries. HCSC demands that all members of HCSC’s Board of Directors, and all members of the Boards of Directors of any Subsidiary (“Subsidiary Board of Directors”), and all related officers, agents and independent contractors adhere to the highest legal and ethical standards to ensure that each HCSC entity complies with all applicable laws and regulations, all terms and conditions of its Government Contracts, and this Medicare and Government Contracts Compliance Program. HCSC, its Subsidiaries, and any subcontractor performing delegated services on behalf of HCSC or its Subsidiaries will fulfill their obligations under applicable Government Contracts, with an emphasis on preventing and detecting fraud, waste and abuse and with respect for the rights of all enrollees.

HCSC and its Subsidiaries are also subject to HCSC’s Corporate Integrity and Compliance Program (the “HCSC Compliance Program”), which includes the Code of Business Ethics and Conduct (the “Code”).

HCSC has also adopted the HCSC Vendor Code of Business Ethics and Conduct (“HCSC Vendor Code of Conduct”). HCSC Vendors are required to agree to comply with the HCSC Code or the HCSC Vendor Code of Conduct as stated in each vendor’s contract.

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### B. Detailed Policies, Procedures and Corporate Standards

**General.** As a government contractor, HCSC, its Subsidiaries, and those entities to which it delegates certain operational functions are committed to comply with all applicable statutory, regulatory and contractual requirements. HCSC shall adopt and adhere to detailed policies, procedures and corporate standards regarding the operations and the services performed under its Government Contracts.

**Medicare.** HCSC and its First Tier, Downstream and Related Entities, as defined at 42 C.F.R. §§ 422.500 and 423.501, (“FDRs”) will establish and maintain current policies, procedures and corporate standards regarding all areas identified by the Department of Health & Human Services Office of Inspector General (“OIG”) or the Centers for Medicare & Medicaid Services (“CMS”) as high risk areas, including but not limited to, monitoring and auditing, non-retaliation, corrective action, compliance with the law, ineligible parties validation, record retention, investigations, Medicare hotline, fraud, waste and abuse, cooperating with the Government, confidentiality of information, conflict of interest, information security, pricing transparency, and other applicable policies and procedures. The policies, procedures and corporate standards related to HCSC’s Medicare compliance responsibilities and requirements (“HCSC Medicare Compliance Policies and Procedures”) are incorporated herein as **Appendix B**.

When establishing, or modifying the HCSC Medicare Compliance Policies and Procedures, HCSC shall document all written correspondence and oral communications with CMS related to such policies. In addition, HCSC shall retain all records relevant to the topic of the specific policy, such as whether HCSC or its FDRs exercised due diligence in developing procedures to implement the advice and whether reliance on such advice was reasonable.

HCSC posts this Medicare and Government Contracts Compliance Program, including the Code and the HCSC Medicare Compliance Policies and Procedures, on the company’s intranet site, FYIBlue, which is available and accessible to all employees. In addition, relevant policies, procedures and corporate standards will be made available to all individuals who are affected by a particular risk, policy, or issue including those individuals whose duties involve a particular risk, policy or issue area, as well as FDRs with whom HCSC has contracted to perform delegated activities.

To this end, HCSC has developed a web site designed to allow our external partners direct access to the HCSC and Medicare and Government Contracts Compliance Programs and other compliance related programs and information. This site can be found at [www.hisccompliance.com](http://www.hisccompliance.com).

**Retention of Records and Information Systems.** HCSC, on behalf of itself and its Subsidiaries, and its subcontractors will adopt detailed policies, procedures and corporate standards regarding the retention of documents that at a minimum will: (i) document the creation, distribution, retention, storage, retrieval and destruction of documents required by applicable Federal or State law and the program requirements of applicable Federal or State health plans; (ii) list the persons responsible for implementing each part of the HCSC Medicare

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and Government Contracts Compliance Program; (iii) and maintain all records necessary to protect the integrity of the compliance process and confirm the effectiveness of the HCSC Medicare and Government Contracts Compliance Program which, includes but is not limited to, evidence of employee training, hotline reports, hotline investigation results, modifications to the HCSC Medicare and Government Contracts Compliance Program and HCSC's auditing and monitoring activities. HCSC and its subcontractors shall also establish detailed policies, procedures and corporate standards for complying with the applicable record retention requirements as well as maintaining the integrity of the data collections systems used in the performance of its Government Contracts to assure compliance with all applicable authorities.

HCSC shall appoint a senior member of management to be the "designated privacy official" to ensure the design, development, implementation and administration of the requirements set forth in the Department of Health and Human Services Rule entitled Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160-164, as finalized), including, but not limited to requirements concerning privacy policies, procedures and corporate standards, workforce training and safeguards to protect the privacy of protected health information.

**Medicare Hotline.** HISC is committed that all employees or other individuals have an obligation to report problems or concerns involving ethical or compliance violations related to our Medicare business. HISC has a toll free Medicare Hotline (877-211-2290) that allows employees or other individuals to seek guidance or report a matter of concern. The term "other individual" refers to subcontractors, agents and directors who are involved in the Part D benefit.

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

This HISC Medicare Hotline is available 24 hours a day, 7 days a week and is not staffed by employees of either HCSC or its subsidiaries.

## **II. DESIGNATION AND ADMINISTRATION OF THE COMPLIANCE PROGRAM**

### **A. HCSC Board of Directors**

The HCSC Board of Directors, as well as the Subsidiaries Boards of Directors, has adopted and will support and monitor the implementation of the HCSC Medicare and Government Contracts Compliance Program, to demonstrate HCSC's and the Subsidiaries' commitment to full and comprehensive compliance with all applicable laws and regulations, and contract terms and conditions, including, without limitation, obligations under any and all Government Contracts. At least annually, the HCSC Board of Directors, or a committee appointed by the HCSC Board of Directors, and the Subsidiary Board of Directors, or a committee appointed by such Board of Directors, shall review the HCSC Medicare and Government Contracts Compliance Program and shall ratify or amend the Medicare and

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Government Contracts Compliance Program, the Code, and the HCSC Medicare Compliance Policies and Procedures as appropriate.

### **B. Government Contracts Compliance Officer**

**General.** HCSC shall appoint a senior member of management with significant government contracts experience to be the HCSC Government Contracts Compliance Officer. The HCSC Government Contracts Compliance Officer is responsible for administration of the HCSC Medicare and Government Contracts Compliance Program. The HCSC Government Contracts Compliance Officer reports directly to the HCSC Corporate Compliance Officer, the Audit and Compliance Committee of the HCSC Board of Directors, to the Presidents/CEOs at HCSC and the Subsidiaries, and to each Subsidiary Board of Directors.

**Authority.** The HCSC Government Contracts Compliance Officer shall have the authority to review all documents and other information that the HCSC Government Contracts Compliance Officer deems to be relevant to HCSC's and the Subsidiaries' compliance activities and Government Contracts. The HCSC Government Contracts Compliance Officer has authority to communicate promptly and personally to the HCSC Board of Directors, or to the Subsidiary Board of Directors, on any matter involving criminal conduct or potential criminal conduct and to suggest modifications to the HCSC Government Contracts Compliance Program in light of any instance of non-compliance. Further, the HCSC Government Contracts Compliance Officer shall have full authority to stop the submission of data that he or she believes may violate any applicable authority until such time as the issue in question has been resolved.

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

1. **Implementation and Administration of the HCSC Medicare and Government Contracts Compliance Program.** The HCSC Government Contracts Compliance Officer shall:
  - a. Design and direct the implementation, administration and operation of the HCSC Medicare and Government Contracts Compliance Program to ensure compliance with the laws and regulations, terms and conditions of Government Contracts;
  - b. Ensure that all FDRs, including agents, brokers, consultants, independent contractors, vendors and producers are aware of the HCSC Medicare and Government Contracts Compliance Program and the HCSC Vendor Code of Conduct. It is HCSC's and each Subsidiary's expectation that they comply with the Program's requirements and the HCSC Vendor Code of Conduct when performing contractual functions on behalf of HCSC or any Subsidiary. Further, the HCSC Government Contracts Compliance Officer shall coordinate with management to determine whether and to what extent a consultant, contractor, vendor or producer is subject to the training requirements of the Medicare and Government Contracts Compliance Program;
  - c. Periodically review the HCSC Medicare and Government Contracts Compliance Program to ensure its relevance and recommend to the HCSC CEO, the Subsidiary

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CEO, and to the HCSC Government Contracts Compliance Committee modifications necessary to account for changes in applicable laws or regulations, changes in the nature of HCSC's or a Subsidiary's business, HCSC's or a Subsidiary's experience in the operation of the Program, and to incorporate and follow applicable industry practices and standards;

- d. Report directly on a regular basis to the HCSC CEO and the Audit and Compliance Committee of the HCSC Board of Directors, the HCSC Corporate Compliance Officer, the Subsidiary CEO, the Subsidiary Board of Directors, and to the HCSC Medicare and Government Contracts Compliance Committee regarding the operation of the HCSC Medicare and Government Contracts Compliance Program, and all significant issues relating to compliance with applicable laws and regulations, terms and conditions of Government Contracts, and the HCSC Medicare and Government Contracts Compliance Program;
- e. Develop a general training and education program regarding the Government Contracts which also addresses fraud, waste and abuse and ethical concerns. The HCSC Government Contracts Compliance Officer will also develop specialized training for specific risk areas that will be provided to those employees and FDRs who have duties and responsibilities for such risk areas. Such training and education will occur annually at a minimum and will be made a part of the orientation for a new employee, new first tier, downstream and related entities, and new appointment to a chief executive, manager, or governing body member. FDRs who have met the fraud, waste, and abuse certification requirements through enrollment into the Medicare program are deemed to have met the training and educational requirements for fraud, waste, and abuse. Completion of such training will be required in order for such individuals to continue to perform services under the Government Contracts;
- f. Ensure that mechanisms exist for testing the efficacy of the education program and for updating the training program to account for developments in laws and regulations and the terms and conditions of the Government Contracts;
- g. Ensure that every employee, temporary employee or contractor who perform services under the Government Contracts receive a copy, electronically or otherwise, of the HCSC Medicare and Government Contracts Compliance Program and the HCSC Code of Business Ethics and Conduct at time of hire and annually thereafter, every individual who performs services under the Government Contracts must complete a certification acknowledging that he or she has read, will comply with and is unaware of any violations of the HCSC Medicare and Government Contracts Compliance Program;
- h. Work with the HCSC Divisional Senior Vice President – Internal Audit and Enterprise Governance<sup>1</sup> to ensure the design, development, implementation and ongoing compliance requirements for the Standards for Privacy and Security of

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<sup>1</sup> The HCSC Internal Audit and Enterprise Governance area is charged with, among other things, assisting in monitoring HCSC's and its Subsidiaries' compliance with applicable privacy laws, consistent with HCSC's role as a parent organization.

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Individually Identifiable Health Information, and other Federal and State regulations and legislation, as appropriate, including, but not limited to requirements concerning policies, procedures and corporate standards, training, and safeguards to protect and secure protected health information;

- i. Receive results of all internal audit reports and work closely with key individuals to identify aberrant trends in all areas that require certification;
  - j. Be responsible for oversight of all certifications filed by any member of the HCSC Board of Directors or a Subsidiary Board of Directors and others relating to the HCSC Medicare and Government Contracts Compliance Program, HCSC Medicare Compliance Policies and Procedures and training there under; and
  - k. Serve as a member of the HCSC Corporate Compliance Committee.<sup>2</sup>
2. **Hotline & Investigations.** The HCSC Government Contracts Compliance Officer shall:
- a. Work closely with the HCSC Vice President –Fraud and Security to ensure effective coordination of programs and issues involving corporate security of HCSC personnel and assets and related investigations.<sup>3</sup> Any reports received or information developed by HCSC’s Special Investigations and Security that credibly alleges or may indicate a material violation of criminal or civil law by HCSC or a Subsidiary shall be referred to the HCSC Government Contracts Compliance Officer, including, without limitation, those matters related to its Government Contracts, dealing with health care fraud, waste and abuse;
  - b. Coordinate with HCSC’s Senior Vice President – Chief Human Resources Officer so that human resource-related issues are addressed in a manner that is appropriate and consistent;<sup>4</sup>
  - c. Utilize existing systems to allow and encourage individuals to raise questions, whether anonymously or otherwise, about the application or meaning of the HCSC Medicare and Government Contracts Compliance Program and to disclose possible violations. A separate hotline has been established to allow individuals to raise questions or issues specifically related to the Medicare and Medicaid products. In order to ensure anonymity and access, this hotline is maintained by an independent contractor, and is available 24 hours a day, seven days a week. HCSC and each

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<sup>2</sup> HCSC operates under an administrative services agreement to provide certain administrative services to various Subsidiaries. The HCSC Corporate Compliance Committee is charged with, among other things, overseeing and monitoring HCSC’s Medicare and Government Contracts Compliance Program, consistent with HCSC’s role as a parent organization.

<sup>3</sup> The HCSC Special Investigations and Security Department has been delegated to support the Corporate Compliance, Government Programs area which is responsible for the handling of investigations, corrective actions, and communications that involve potential fraud, waste and abuse related to HCSC’s participation in Government Contracts.

<sup>4</sup> The HCSC Human Resources Department has been delegated the responsibility of administering human resource functions on behalf of HCSC Government Contracts.

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Subsidiary shall ensure that employees who raise these matters are treated with respect and are not subject to retaliation or intimidation;

- d. Maintain a log of all calls received by the hotline relating to Government Contracts and maintain a record of all allegations which may constitute a violation of applicable laws or regulations, terms and conditions of Government Contracts, and the HCSC Medicare and Government Contracts Compliance Program;
  - e. Maintain a confidential, written record reflecting each communication concerning all possible violations of the HCSC Medicare and Government Contracts Compliance Program;
  - f. Ensure a prompt and thorough investigation appropriate to the circumstances. When an investigation is initiated, steps shall be taken to ensure the retention of relevant documents. Routine document destruction procedures shall be suspended insofar as they may affect documents relevant to the potential violation. Individuals who may possess relevant documents shall be instructed to retain them or to turn them over to the investigative team. The HCSC Government Contracts Compliance Officer shall maintain a record of all employees to whom such a request is made and of all documents retained for purposes of the investigation; and
  - g. Evaluate, as appropriate, any calls received on a separate Special Investigations fraud, waste and abuse hotline established for vendors, providers, consultants, contractors, producers and beneficiaries to report suspected health care fraud and abuse or other misconduct to HCSC or a Subsidiary. Any calls received on this hotline that credibly allege a material violation of criminal or civil law specific to Government Contracts shall be referred to the HCSC Government Contracts Compliance Officer, including, without limitation, those calls relating to its Government Contracts, dealing with health care fraud, waste and abuse.
3. **Review and Monitoring.** The HCSC Government Contracts Compliance Officer shall:
- a. Ensure that the compliance risks to which HCSC or a Subsidiary is exposed, both internal and external, are assessed on a regular basis and direct the implementation of internal systems and controls to mitigate risk and reinforce compliance with applicable laws, regulations and contract terms; and
  - b. Work with the HCSC Vice President – Internal Audit<sup>5</sup> and external auditors, 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 Contracts and the HCSC Medicare and Government Contracts Compliance Program.

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<sup>5</sup> The HCSC Internal Audit department has been delegated responsibility for conducting audits, at the direction of the HCSC Government Contracts Compliance Officer on behalf of HCSC and its Subsidiaries.

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### C. HCSC Medicare and Government Contracts Compliance Committee

**General.** The HCSC Government Contracts Compliance Committee is accountable to, and shall regularly report to, the HCSC Corporate Compliance Committee, the HCSC Board of Directors (or a subcommittee designated by the HCSC Board of Directors) and the Subsidiaries Boards of Directors, and shall provide oversight, advice, support and general guidance to the HCSC Government Contracts Compliance Officer in the discharge of his or her responsibilities. The HCSC Government Contracts Compliance Officer shall chair this Committee and keep the HCSC Government Contracts Compliance Committee informed of any significant actions taken with respect to the implementation, administration and operation of the Compliance Program and shall prepare recommendations on compliance-related policies, procedures and corporate standards for review and approval by the Committee.

**Responsibilities and Duties.** The HCSC Government Contracts Compliance Committee shall:

- a. Build an appropriate infrastructure for the administration of the HCSC Medicare and Government Contracts Compliance Program, including mechanisms and systems for long-term support;
- b. Analyze the regulatory environment and the legal requirements with which HCSC and the Subsidiaries must comply, and the specific risk areas and make recommendations regarding the HCSC Medicare and Government Contracts Compliance Program regarding such environment, requirements and risks;
- c. Monitor internal and external audits for the purpose of identifying issues and deficient areas and implementing corrective and preventive action; and
- d. Review and approve new HCSC Medicare Policies and Procedures and any changes to the HCSC Medicare and Government Contracts policies and procedures.

### D. Management Responsibility and Disciplinary Standards.

HCSC and Subsidiary management and supervisory personnel must ensure that HCSC, its Subsidiaries, and all persons performing under the Government Contracts comply with the provisions of applicable laws and regulations, terms and conditions of Government Contracts, and the HCSC Medicare and Government Contracts Compliance Program. Individuals in management and supervisory capacities will be appropriately disciplined up to and including termination of employment or contractual relationship for failure to instruct others or for failure to detect non-compliance with applicable policies and legal requirements, where reasonable due diligence on the part of the manager or supervisor should have led to the discovery of any problems or violations. Promotion and adherence to these compliance initiatives shall be part of the performance standards and evaluation for each individual that performs services under the Government Contracts.

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### E. HCSC Involvement as a Parent Organization

The Audit, Corporate Responsibility & Compliance Committee of the HCSC Board of Directors (the “HCSC Board Audit & Compliance Committee”) is responsible for ensuring that HCSC has fully implemented the HCSC Medicare and Government Contracts Compliance Program and that the Program is operating in an effective manner.<sup>6</sup> At least annually, the HCSC Board Audit & Compliance Committee shall review the HCSC Medicare and Government Contracts Compliance Program and recommend any changes and amendments the Committee considers appropriate. The HCSC Board Audit & Compliance Committee, the Corporate Compliance Officer and the HCSC Government Contracts Compliance Officer shall maintain close communications among themselves and with the HCSC Board of Directors as a whole, and shall address and review matters concerning or relating to the HCSC Medicare and Government Contracts Compliance Program so the Committee can take appropriate action or make appropriate recommendations.

**Responsibilities and Duties.** In carrying out its responsibilities under the HCSC Medicare and Government Contracts Compliance Program, the HCSC Board Audit & Compliance Committee shall:

- a. Provide oversight and support for the implementation and administration of the HCSC Medicare and Government Contracts Compliance Program;
- b. Review matters relating to education, training and communication in connection with the HCSC Medicare and Government Contracts Compliance Program to ensure that all related HCSC Government Contracts policies, procedures and corporate standards on compliance are properly disseminated, understood and followed; and
- c. Recommend to the HCSC Board of Directors any measures and actions that may be appropriate in conducting its business activities in full compliance with all applicable laws and regulations, terms and conditions of its Government Contracts.

### III. Appendix A – HCSC Entities That Hold Government Contracts

### IV. Appendix B – HCSC Government Contracts Medicare Compliance Policies and Procedures

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<sup>6</sup> HCSC may operate under an administrative services agreement to provide certain administrative services to Subsidiary Government Contracts. The HCSC Board Audit & Compliance Committee is charged with, among other things, overseeing and monitoring HCSC’s Medicare and Government Contracts Compliance Program.

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**Appendix A**

HCSC Entities That Hold Government Contracts

GHS Health Maintenance Organization, Inc.

Health Care Service Corporation

HCSC Insurance Services Company