

Vendor Code of Conduct

Updated: October 26, 2016

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WORKING WITH INDEPENDENCE

Independence Blue Cross, LLC, as well as its parents, subsidiaries and affiliates, (Independence) is committed to the health of our members by effectively and efficiently financing the delivery of quality health care and providing our members with high quality products and best-in-class service. To accomplish this, it is imperative that we conduct business within the laws that govern our industry and demonstrate the highest levels of professional and personal ethics. Independence expects all of its vendors and the individuals that the vendor assigns to perform work for the Company (hereinafter “vendors”) to comply with the federal, state, and local laws that govern our business and act ethically in all matters.

Eligibility for Participation in Government Business

Vendors must verify that the individuals who have been assigned to perform work for Independence are eligible to participate in Independence’s government business and must certify that the System Award Management (SAM) exclusion list, which includes Office of Inspector General (OIG) and Excluded Parties List System (EPLS) lists, has been checked and that the individuals assigned to perform work for Independence are not included on the list. This must occur prior to the hiring or contracting of any new employee, temporary employee, volunteer, consultant, governing body member, and monthly thereafter, to ensure that none of these persons or entities are excluded or become excluded from participation in federal programs.

If any individual assigned to perform work for Independence by the vendor is found to be excluded from participation in government business, vendors are required to make immediate notification to Independence and immediately remove the individual from his/her assignment with the company.

INDEPENDENCE’S ETHICAL STANDARDS

Integrity, professionalism, and ethical behavior are all qualities that are important to Independence. We expect vendors to work within the limits of federal, state, and local law and have high ethical standards of behavior when dealing with providers, members, Independence employees, and others with whom the company does business.

Conflicts of Interest

Any activity, practice, or act, including outside activities or personal interests that could influence—or even appear to influence—your ability to make objective business decisions, distract or hinder you from the performance of your job, or cause you to use Independence resources for purposes other than company business is considered a conflict of interest. All vendors should remove any potential conflict of interest while engaging in business with Independence.

For example, conflicts can arise if you:

- have a material financial interest, excluding mutual fund accounts, in any company that does business with or competes with Independence, or which could affect your personal judgment on related business matters;
- engage in any transaction with Independence (other than those associated with your contract) in which you/they have a financial interest;
- gain personal enrichment through access or use of confidential information;
- misuse your position in a way which results in personal gain;
- are employed by or serve as a director, advisor, consultant, etc., of any customer, vendor, supplier, health care provider, or competitor;
- are involved in any outside activity that may interfere with job responsibilities.

Gifts, Entertainment, and Honorarium

Vendors should not accept or solicit any items (other than those which have nominal or insignificant value) on behalf of yourself or the company that may or can appear to influence the performance of your official duties while conducting business with or on behalf of Independence. Vendors should not accept or solicit gifts (including cash or cash equivalents such as gift cards), honorarium, favors, loans, or services from providers, customers, vendors, or others with whom Independence does business.

Relationships with Government Employees

Federal, state, and municipal laws impose significant criminal penalties for bribing any public official, governmental employee, or candidate for public office. Specifically, these laws may prohibit vendors from offering or giving anything of monetary value (such as a gift, loan, contribution, reward, or promise of employment) to any public official, public employee, or candidate for public office—or any member of their immediate family—based on your understanding that his or her vote, official action, or judgment would be influenced as a result.

In addition, federal, state, and municipal governments may also restrict you from providing gifts, tickets to events, meal costs, or other business courtesies to public employees. You should consult with the Corporate Compliance Officer or the Legal Department on any question concerning the application of federal, state, or municipal laws to a particular circumstance.

CONDUCTING BUSINESS AT INDEPENDENCE

Independence takes its responsibility to comply with the laws and regulations that govern our business very seriously. It is our policy to maintain truthful and accurate books, records, and documents, to cooperate with government investigations and audits, and to comply fully with the letter and spirit of federal and state antitrust laws. In addition, Independence prohibits any behavior that violates fraud and abuse laws and will review all potential incidents of noncompliance or fraud, waste and abuse (FWA) promptly to determine the investigative priority.

Accuracy of Books, Records, and Documents

Good business practice, various laws, and Independence's obligations as a government contractor require us to take the utmost care to ensure that our records reflect the true nature of the transactions represented in them. These transactions include financial, operational, statistical, or other information, including submissions to the government.

Vendors are responsible for the integrity and accuracy of the books, documents, and records that you contribute to or maintain in relation to your work at Independence. Vendors must keep all company records in accordance with applicable laws, contracts, and company policies, including all accepted accounting standards, practices, rules, regulations, and controls. Vendor responsibility includes protecting company records from accidental destruction and maintaining them in accordance with Independence's *Records Retention* requirements within your agreement and / or applicable laws

Vendors are also obligated to document work truthfully. Vendors may not make false entries in any internal or external document, book, record, memorandum, correspondence, or other communication, including telephone, electronic, or wire communications. Vendors may not establish funds or assets for any undisclosed and/or unrecorded purpose.

Government Investigations

Virtually all the laws regulating Independence's business—including antitrust, insurance, government procurement, and financial laws—contain criminal and civil penalties. Taking an action or failing to take an action that results in obstructing an audit or investigation can result in criminal penalties.

If government investigators or auditors contact you, or if you receive a subpoena, you should notify the Independence Legal Department. You should never mislead or provide false or inaccurate information to government investigators, nor should you alter or destroy Independence documents in anticipation of a request by the investigator, government agency, auditor, or court.

Compliance with Federally-funded Program Requirements

Independence has a contract with the Centers for Medicare and Medicaid Services (CMS) for providing coverage to Medicare beneficiaries for Medicare Advantage (Part C) and the Medicare Prescription Drug Program (Part D). When conducting business related to Parts C and D, Independence has responsibility for ensuring that it and the entities to which the company delegates certain functions related to Medicare comply with all regulatory and contractual requirements related to the administration of our Medicare programs. In complying with these requirements, Independence, its workforce, and, as applicable, its delegates and brokers must ensure that all marketing, enrollment, benefit determinations, reporting, Part D administration, and all other CMS program activities are in compliance with CMS program requirements.

Concerns regarding compliance with CMS or any other Federally-funded program requirements should be addressed through the Fraud and Compliance Hotline at 1-866-282-2707.

Fraud, Waste and Abuse

Health care fraud and abuse costs the nation's health care system billions of dollars each year. Fraud is defined as knowingly, willfully, and intentionally executing or attempting to execute a scheme to defraud any health care benefit program or to obtain by means of false or fraudulent pretenses, representations, or promises any of the money or property owned by any healthcare benefit program. Use of deception for unlawful gain in the health care arena most often involves an intentional misrepresentation and/or false statement regarding a claim for payment. Abuse of health care benefits is the unintentional practice that directly or indirectly results in overpayments to the healthcare provider. Waste is an unintentional improper and/or excessive use of benefits or services, including reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for the delivery of health care. It is not necessary to prove that an individual had actual knowledge of the law itself or a specific intent to violate it.

The following federal laws are in place to combat health care fraud and abuse. Federal law prohibits the submission of false eligibility statements and/or claims to federally funded programs, including but not limited to Medicare, Medicaid and the Qualified Health Plan (QHP) plans offered on the Federally-facilitated Marketplace directly to the federal government or to a contractor or sub-contractor acting on behalf of the government.

The ***False Claims Act (FCA)*** is a federal law that prohibits knowingly presenting (or causing to be presented) a false or fraudulent claim to the federal government for payment or approval. The FCA also prohibits knowingly making or using (or causing to be made or used) a false record or statement to get a false or fraudulent claim paid or approved. Penalties for violating The False Claims Act could include a \$5,500 to \$11,000 fine per false claim, imprisonment, or both, and possible exclusion from federal government health care programs.

The ***Fraud Enforcement and Recovery Act of 2009 (FERA)*** was passed by Congress to enhance the criminal enforcement of federal fraud laws, including the False Claims Act (FCA). Penalties for violations of FERA are comparable to penalties for violating the FCA. FERA does the following:

- expands potential liability under the FCA for government contractors like Independence;
- expands the definition of a false/fraudulent claim to include claims presented not only to the government itself, but also to a government contractor like Independence;
- expands the definition of false record to include any record that is material to a false/fraudulent claim;
- expands whistleblower protections to include contractors and agents who claim they were retaliated against for reporting potential fraud violations.

The ***Anti-Kickback Statute*** establishes criminal penalties for individuals or entities that knowingly and willfully offer, pay, solicit, or receive remuneration (includes the transfer of anything of value, directly or indirectly, overtly or covertly, in cash or in kind) to induce or reward business that is payable or reimbursable by Medicare or another federal health care program. Violators are subject to fines up to \$25,000, imprisonment up to 5 years, or both fine and imprisonment as well as possible exclusion from federal health care programs.

The ***Beneficiary Inducement Statute*** prohibits certain inducements (an inducement is an incentive, something that helps bring about a desired action or result) to Medicare and Medicaid beneficiaries that may be likely to influence the selection of a particular provider, practitioner, or supplier of Medicare/Medicaid payable items or services. Prohibited inducements include:

- waiving the co-insurance and deductible amounts
- transfers of items or services for free or for other than fair market value
- providing anything of value to induce a beneficiary to purchase or use a service or product

Violators are subject to fines up to \$10,000 per violation and possible exclusion from federal health care programs.

Also known as the ***Physician Self-Referral Law***, the ***Stark Law*** prohibits a physician from making a referral for certain designated health services to an entity in which he or she (or a member of his or her family) has an ownership or investment interest of an entity with which he or she has a compensation arrangement. Violators are subject to fines up to \$15,000 for each service provided and up to \$100,000 for entry into an arrangement or scheme.

In addition to criminal penalties, federal law imposes civil fines on any person or insurance company that submits a Medicare or Medicaid claim when the individual

submitting the claim knows or should know that the claim is false, fraudulent, or misleading. Civil penalties can also be imposed for filing false discharge information and for payments made to physicians as incentives to reduce or limit patient services.

Violations of these laws can result in Independence's exclusion from federally funded programs including but not limited to Medicare.

Because certain parts of its operations involve federally-funded state health care programs such as Medicaid, Independence has appropriately implemented applicable provisions of the **Deficit Reduction Act of 2005**, requiring written policies and education for employees, contractors, and agents on the federal **False Claims Act**, federal administrative remedies, applicable state law pertaining to criminal and civil penalties for false claims, and whistleblower protections. Independence's written policies and education further establish procedures for detecting fraud, waste, and abuse in a timely and reasonable manner, including its disclosure program that contains provisions for anonymous reporting and prohibits retaliation for reporting actual or potential violations of company policy or applicable regulations.

Independence has established a practice of reviewing its policies and procedures to determine that they are appropriate and in compliance with program laws and standards.

Included in Independence's commitment to all statutory, regulatory and other requirements, sub-regulatory guidance, and contractual commitments for the federally-funded programs in which we participate is our commitment to meeting the requirements and standards related to the delivery of Medicare Advantage, Medicare Part D, and programs administered as part of the Affordable Care Act, including but not limited to:

- Title XVIII of the Social Security Act
- Medicare regulations governing Parts C and D found at 42 C.F.R. §§ 422 and 423 respectively
- Federal and State False Claims Acts (31 U.S.C. §§ 3729-3733)
- Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)).
- The Beneficiary Inducement Statute (42 U.S.C. § 1320a-7a(a)(5))
- Physician Self-Referral ("Stark") Statute (42 U.S.C. § 1395nn).
- Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- Fraud Enforcement and Recovery Act of 2009 (FERA).
- Patient Protection and Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act of 2010 (HCERA)
- prohibitions against employing or contracting with persons or entities that have been excluded from doing business with the federal government
- other applicable criminal statutes
- Code of Federal Regulations, specifically, 42 C.F.R. § 400, 403, 411, 417, 423, 1001, and 1003
- all sub-regulatory guidance produced by CMS such as manuals, training materials, HPMS memos, guides, and applicable provisions of the Federal Food, Drug, and Cosmetic Act

- applicable state laws
- contractual commitments

We expect that all vendors will act in an ethical and compliant manner when conducting business related to Medicare Advantage, Medicare Part D, and any other federally-funded or state-funded programs in which we participate.

Fair Dealing

Vendors should not seek to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material factors, or any other unfair dealing practice.

INDEPENDENCE INFORMATION AND RESOURCES

Vendors are expected to keep confidential and proprietary information, including but not limited to protected health information (PHI), personally identifiable information (PII), and company property secure.

Confidential and Proprietary Information

Examples of confidential and proprietary information may include: personnel data, member data, provider data, corporate policies and procedures, financial information, strategic plans and/or marketing strategies, vendor information, or other internal communications which may be considered part of an internal business decision.

Vendors are obligated to exercise all due care to ensure that information considered confidential or proprietary is protected. Vendors may use this information to perform work on behalf of Independence; the information may not be shared with any other individuals, either inside or outside Independence, unless they have a legitimate need to know and permitted under the contract with Independence. When that is the case, information must be shared in accordance with all state and federal laws and regulations.

Vendors are responsible for compliance with all laws, regulations, and corporate policies related to confidential and proprietary information, including specific laws related to PHI and PII. No personal use or review of PHI or PII is permitted.

Software Licensing, Data Security and Control, and Corporate Email

Information and information systems are critical assets of Independence. Independence's clinical and business decisions rely heavily on timely access to accurate information in our systems.

Because computer passwords are the key to accessing company systems and information, vendors must keep passwords confidential.

All communication systems, including corporate email, the Iway, Internet access, and voicemail are the property of Independence and are to be used primarily for business

purposes. Communications delivered via corporate systems are not private and are monitored.

Use of Independence assets includes time, supplies, and information, as well as all physical items and electronic systems in the workplace such as computers, software, email, work stations, phones, photocopying machines, and filing cabinets. Personal use of Independence property is prohibited. Independence reserves the right to open, inspect, and access all electronic and physical property and to monitor your use of email and the Internet, including personal email accounts and sites accessed through Independence equipment.

VIOLATIONS OF THE *CODE* AND COMPANY POLICIES

Vendors have an obligation to report any improper conduct, including violations of law, this *Code*, or any Independence policy so that it can investigate and, where appropriate, report the matter to government agencies such as CMS, its designee, and/or law enforcement.

Vendors with any knowledge of illegal, unethical, or fraudulent activity, or any activity that is inconsistent with this *Code* or Independence policies, are required to report it to Independence management, the Corporate Compliance Officer, or through the Fraud and Compliance hotline.

Failure to cooperate with internal investigations, audits, or inquiries or failure to comply with laws (including Medicare requirements), this *Code of Conduct*, or any company policy may constitute grounds for training or retraining, remediation, removal of a vendor employee from an assignment at Independence, and/or termination of a vendor's contract with Independence.

Getting Help

Vendors are required to report suspected illegal, unethical, or fraudulent activity and should contact the Fraud and Compliance hotline at 1-866-282-2707. Reports to this hotline can be made anonymously.

Retaliation, intimidation, or any other form of reprisal against individuals or vendors who make a good-faith report of an actual or potential violation of law, this *Code of Conduct* or company policy, or of issues that may have been identified during assessments, investigations, or during other evaluations is strictly prohibited. This policy is not intended to create amnesty for anyone directly involved in fraud or misconduct; however, a good-faith, truthful, prompt report will be taken into consideration in connection with any disciplinary action.