



# Code of Business Conduct and Ethics

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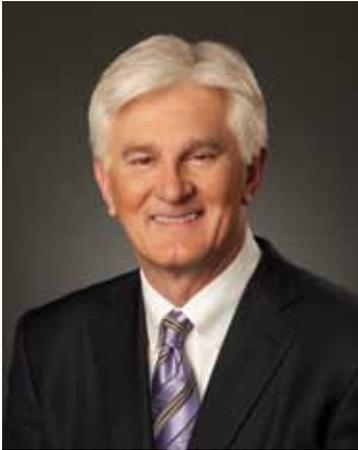


# Code of Business Conduct and Ethics

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## Message From the President, Chairman and CEO



Dear Amerigroup Associate:

We are often reminded how the Amerigroup mission and values form the core of everything we do here. Whether it is helping a young, expectant mother find care in her neighborhood, developing a new disease management program or working with our state and federal government partners to track medical outcomes, Amerigroup is committed to improving the health status of our members and communities.

Doing this in a professional and ethical manner and in compliance with federal and state rules has been a basic value since we started the Company. For this reason, Amerigroup has developed a Code of Business Conduct and Ethics to help associates understand our regulatory and contractual obligations and to act in a way that supports our corporate principles. The Code has been approved by the Amerigroup Board of Directors.

We all need to act responsibly and with integrity in every part of our professional lives. By following the principles outlined in the Code, we can assure our health plan members, vendors, communities and government partners that Amerigroup has strong ethical values and can be relied upon to “do the right thing.”

All associates should read and be familiar with the Code. While the standards of behavior do not cover every situation you may face at Amerigroup, they are designed to provide you with broad guidelines for acting ethically and with integrity.

Amerigroup associates have several ways to seek guidance or to report concerns. You may do so through your supervisor, your Plan Compliance Officer, Medicare Compliance Officer, Human Resources or the Office of Business Ethics. You also may use one of several anonymous hotlines and websites. If you know of a violation of law or the Code, or of other suspected misconduct, you should not remain silent. Amerigroup maintains a strict nonretaliation policy that forbids retaliation against anyone who makes a good faith report of suspected misconduct and/or cooperates in a compliance investigation.

Always take the time to consider whether your actions at Amerigroup might violate the law, the Code, or other Company policies and procedures. You should never assume or read between the lines that anyone at Amerigroup wants you to violate a contractual duty or break the law.

The Board of Directors and senior management of Amerigroup are fully committed to the principles set forth in the Code. Our continued success requires all of us to maintain this commitment and to respect the rules, regulations and standards governing our business.

Thank you for the work you do every day to make a difference in the lives of our members.

A handwritten signature in black ink that reads "James G. Carlson". The signature is written in a cursive, flowing style.

James G. Carlson  
President, Chairman and CEO

## Purpose of the Code

*“The time is always right to do what is right.”*

Martin Luther King Jr.

*American Civil Rights Activist, Nobel Peace Prize Winner 1964*

Amerigroup Corporation is pleased to be the leading publicly traded health care company dedicated solely to caring for the financially vulnerable, seniors and people with disabilities through publicly funded programs. We are able to maintain such a position, in part, because of the commitments made by Amerigroup, our health plan subsidiaries and all of our associates to respect our regulatory and contractual obligations and to act with integrity at all times. Each of us must recognize that failure to meet this responsibility may negatively affect Amerigroup, our health plan members, participating providers, federal and state relationships and shareholders.

The Code of Business Conduct and Ethics (the Code) forms the basis of the Amerigroup Compliance Program. The Code outlines the Company’s corporate principles and is designed to help associates understand and comply with our regulatory and contractual duties. The Code has been approved by the Amerigroup Board of Directors and applies to everyone who works for Amerigroup, as well as our health plan subsidiaries and contracted vendors. It also applies to first-tier, downstream and related entities associated with the Company’s Medicare Advantage plans.

The Compliance Program also includes management controls, self-assessment tools, audit programs and performance measures built into day-to-day corporate and health plan operations. These help associates and others apply the standards outlined in the Code. All associates and contractors are expected to comply with these standards and support operation of the Compliance Program.

Administrative responsibility for the Compliance Program rests with the Chief Compliance Officer and the Office of Business Ethics (OBE), with oversight and support from the Executive Compliance Committee and the Nominating and Corporate Governance Committee (the Nominating Committee) of the Board of Directors. Each state health plan and the Company’s Medicare Advantage program have designated Plan Compliance Officers (PCOs) to integrate the program into plan operations. However, responsibility for compliance with the Company’s regulatory and contractual obligations ultimately rests with every Amerigroup associate.

If you have questions about a proposed action, ask yourself whether:

- The action supports the Amerigroup commitment to caring for the financially vulnerable, seniors and people with disabilities
- The action would be viewed positively by co-workers, friends, the community and the government
- You would be comfortable if the action were made public through the Internet, radio, print or television
- The action is consistent with the standards outlined by the Code, Company policies and procedures, and applicable regulations or law

If the answer is “No” to any of these questions, you must discuss and review the action with your manager, your PCO and/or the OBE.

Electronic copies of the Code are located on the Compliance Program Resources portal of the Company’s intranet site, Heartbeat, and through the Amerigroup external corporate website, [www.amerigroup.com](http://www.amerigroup.com). Hard copies may be requested from the OBE.

### Questions or Concerns

If you have questions or concerns about a business conduct issue or if you know or have reason to believe that a violation of law or Company policy has occurred, you should share the concern or belief with your manager, your PCO or the OBE. Violation of legal or contractual requirements may put the Company at risk for fines and other sanctions. Openly asking questions and talking about compliance matters will help us avoid these results.

There will be no retaliation against anyone who, in good faith, asks a question or raises a compliance concern.

For more information on how to ask questions or to report concerns, see “Reporting Potential Compliance Issues and Nonretaliation,” beginning on Page 19.

# Individual Responsibilities Under the Compliance Program

*“The foundation of corporate integrity is personal integrity.”*

Sam DiPiazza  
CEO, PricewaterhouseCoopers

## The Amerigroup Associate’s Part

It is important that each associate do his or her part in upholding the standards within the Code. To this end, you must complete all required training in a timely manner, follow the standards of conduct in all Amerigroup activities and report compliance concerns to your supervisor, PCO or the OBE.

Failure to comply with the standards of conduct and related policies, procedures and laws will put you at risk for disciplinary measures and possible termination from Amerigroup.

We all must lead by example. This means making sure that you understand the requirements of the Code and set a good example for those around you.

**Compliance is not a catchword.  
Compliance is deeply rooted  
in the Amerigroup culture.  
At Amerigroup, compliance means  
doing the right thing the right way,  
even if no one is looking.**



## Leadership Obligations

Leaders at all levels of the Company have additional duties and obligations under the Compliance Program. Amerigroup managers and supervisors play a key role in promoting, supporting and enforcing the Compliance Program.

Your team members will follow your lead, so it is important that actions you take support the elements of the Compliance Program. To do this, you must:

- **Encourage open communication.** Amerigroup operates within a complex web of state and federal laws and regulations. The landscape of legal and contractual requirements is constantly shifting, making it possible for Amerigroup to make a compliance misstep unintentionally. Associates can be discouraged from asking questions or raising concerns by a lack of managerial support for the Compliance Program or through a perceived fear of retaliation. If associates are discouraged from asking questions or voicing concerns, the Company may miss an opportunity to correct a potential problem.
- **Apply discipline in a consistent manner.** You have an obligation to hold members of your team accountable for complying with contractual and legal obligations and for meeting the standards of conduct set forth in the Code. Do not apply different standards to members of your team based on personal relationships. Associates should not be encouraged or rewarded for achieving results through conduct that fails to meet legal or Company standards. Approaching disciplinary actions in a consistent fashion will help protect both you and Amerigroup and improve the effectiveness of the Compliance Program.
- **Support individuals who report compliance concerns or participate in compliance investigations.** The Amerigroup Compliance Program relies upon its associates, members, providers and vendors to speak up about potential compliance issues. To ensure that potential issues will be reported, Amerigroup maintains a strong policy that prohibits retaliation for those who, in good faith, make compliance reports or who take part in compliance investigations. **Any manager or supervisor who takes corrective action against an individual or unit for taking part in the Compliance Program will be subject to corrective action up to and including termination of employment.**
- **Address your team members' commitment to compliance during merit review.** Each manager and supervisor must evaluate his or her team members on their commitment to compliance during the annual merit review period. The associate's activities must be reviewed against the Compliance Program, and each associate's commitment to compliance must be noted on the review form. **The final step in the process is to make sure that the associate understands that he or she is reaffirming the commitment to compliance by signing the review form.**
- **Lead by example.** Show all associates under your supervision that you practice what you preach. When hiring new associates, make sure they know that compliance is an integral part of their job responsibilities and they will be judged on these actions.

**QUESTION:** Sara supervises four associates, one of whom is a top producer. However, she is concerned about the associate's commitment to compliance because she once overheard the associate tell another team member that the Compliance Program was only for show and did not need to be followed. Sara is reluctant to confront the associate because she does not want to drive him away from the Company. What should she do?

**ANSWER:** She should address the matter with the associate. Each associate must support the goals of the Compliance Program in actions as well as words. The Board of Directors and senior management have made it clear that the Company will not compromise basic compliance obligations to achieve business goals. To be successful at Amerigroup, associates must be able to achieve business success within the guidelines set by the Compliance Program.

# Amerigroup Code of Business Conduct and Ethics

*“...we measure our success by how much value we can create for all six of our most important stakeholders: customers, team members (employees), investors, vendors, communities and the environment.”*

John MacKey  
CEO of Whole Foods Market

## 1. Introduction – Commitment to Compliance

Amerigroup Corporation, including its subsidiaries and affiliates, associates, officers and directors, is committed to full compliance with federal and state health care program requirements and maintaining a work environment that promotes and requires the highest ethical standards in the conduct of our business. For purposes of this document, “affiliates” means all owners, contractors, subcontractors and agents of Amerigroup.

The Code is posted on the Compliance Program Resources section of the Company’s intranet site, Heartbeat. A copy is also posted on the Amerigroup external corporate website, [www.amerigroup.com](http://www.amerigroup.com).

The Code reflects the Amerigroup mission and values. It holds each person and entity accountable for his or her actions and/or omissions and must be part of Amerigroup day-to-day operations. Amerigroup has a zero-tolerance policy for fraudulent or abusive activities by its associates, officers and directors.

## 2. Adherence to the Code

Amerigroup requires each associate, officer, director and affiliate to operate ethically and adhere to the Code, Amerigroup policies and procedures, laws and regulations, and the Corporate Integrity Agreement (CIA) between Amerigroup and the U.S. Department of Health and Human Services Office of Inspector General. Compliance with the Code is a condition of employment or association with

Amerigroup. To ensure this, each associate, officer, director and covered person, as defined under the CIA, must read the Code, take part in annual training, and acknowledge his or her understanding of the Code and promise to follow it.

It is Amerigroup policy to comply with the laws, rules and regulations related to its operation and to act in an honest and ethical manner at all times. No associate, officer, director or affiliate should ever assume or read between the lines that Amerigroup wants him or her to violate a law or regulation or to act unethically even if asked to do so by a supervisor.

## 3. Associate Training

Each associate of Amerigroup must successfully complete initial compliance training within 60 days of joining Amerigroup and annually after that. This training will introduce the shared values outlined in the Code and describe the tools and resources offered to associates to make smart compliance choices. Added specialized training is required for associates assigned to marketing, enrollment and certain payment functions. Annual refresher training is given to all associates to reinforce the importance of Compliance Program objectives and to address new or emerging regulatory issues.

Supervisors must ensure that each associate under his or her supervision completes this training. If an associate has failed to complete compliance training successfully, the associate’s employment with Amerigroup may be terminated.

## 4. Compliance Program Structure

The Chief Compliance Officer is responsible for managing and carrying out the Amerigroup Compliance Program through the OBE. The Nominating and Corporate Governance Committee of the Amerigroup Board of Directors oversees operation of the Compliance Program and receives direct reports from the Chief Compliance Officer. In addition, members of the Company's senior management team set compliance-related policies and support the work of the Chief Compliance Officer and the OBE through the Executive Compliance Committee. PCOs work together to identify and address companywide compliance issues through the Operational Compliance Committee. Specific policies and procedures related to the duties of the Chief Compliance Officer and the compliance committee(s) are posted on the Compliance Program Resources section of Heartbeat.

## 5. Reporting Misconduct

As part of the obligations of the Code, each associate, officer, director and affiliate covered under the Code is required to report any suspected or observed misconduct, including violations of law, contract obligations or Company policy.

For ease in reporting, Amerigroup has created anonymous telephone and Internet hotlines that may be utilized in place of making a report directly to the OBE.

- A telephone hotline is available to all Amerigroup associates at 1-877-660-7890
- Written communications may be sent to <http://amerigroup.silentwhistle.com> or [www.silentwhistle.com](http://www.silentwhistle.com). *Note:* If you use [www.silentwhistle.com](http://www.silentwhistle.com), you will need to type "Amerigroup" under the company name

Both of these hotlines are managed by independent companies; they are not owned or controlled by Amerigroup. Information received by either hotline from associates or other sources is reported to the OBE. However, the name or work location of the person contacting the hotlines is not given to the Company if the person requests anonymity.

The hotlines are accessible by calling 1-877-660-7890 (Amerigroup associates only) or by visiting <http://amerigroup.silentwhistle.com> or [www.silentwhistle.com](http://www.silentwhistle.com).

*Note:* If you use [www.silentwhistle.com](http://www.silentwhistle.com), you will need to type "Amerigroup" under the company name.



**Reporting Financial Issues.** Any associate may also report, on a confidential and anonymous basis, concerns about financial statement disclosures, accounting, internal accounting controls or auditing matters by sending a sealed envelope to the Corporate Secretary at the following address:

Corporate Secretary  
Amerigroup Corporation  
4425 Corporation Lane, Suite 300  
Virginia Beach, VA 23462

The outside of the envelope must say, “To be opened by the Audit Committee only.” Associates wishing to talk about the report with the Audit Committee must include a contact number with the report. The Audit Committee will contact the associate if it thinks a discussion is needed to address the reported concerns.

Associates also may use the anonymous hotlines. In such cases, the general auditor will be contacted so that an investigation and report may be made to the Audit Committee.

## 6. Nonretaliation

Supervisors and managers must maintain a working environment that encourages associates or others to report suspected or actual noncompliance. Supervisors and managers who receive reports of and/or observe suspected or actual noncompliance activities must make the OBE aware of such reports as soon as possible.

No associate, officer, director or affiliate who, in good faith, reports suspected misconduct will be retaliated against or otherwise disciplined by Amerigroup for making such an allegation.

Anyone who believes that he or she is being retaliated against for following the Code and/or reporting a suspected violation of the Code should notify the OBE and/or Human Resources.

## 7. Administration of the Code

The Nominating and Corporate Governance Committee oversees the Compliance Program and Code. The Nominating and Corporate Governance Committee has the power to issue interpretations of the Code and propose amendments to it.

The Board of Directors must approve all amendments to the Code. The Board of Directors also must approve any waivers from the Code for members of the Board of Directors or executive officers of Amerigroup. Any waiver of the Code for directors or executive officers will be made public on the Amerigroup website within five business days after the waiver is granted.

## 8. Corrective Actions

Failure to comply with the Code, Amerigroup policies and procedures, or legal and contractual obligations may result in corrective action up to and including termination from employment or association with Amerigroup and, in some cases, may involve civil or criminal penalties. Such failure also may result in administrative, civil or criminal penalties against Amerigroup as a company, including loss of the Company’s eligibility to contract with federal or state agencies.

Corrective actions may be applied in those cases in which an associate fails to report suspected or identified noncompliance.

## 9. Conduct Under the Code

### A. Compliance With Regulatory and Health Plan Contract Requirements

Amerigroup will comply with all federal, state and local laws and regulations that apply to our business, as well as the terms of all contracts with state or federal agencies covering our health plans. We will not pursue any business initiative or opportunity that requires us to act illegally or in violation of our contractual obligations. Each associate is expected to know the basic laws, regulations and contract requirements that apply to his or her job. Associates also are expected to know and follow Company policies and procedures and to use compliance-related processes and systems.

Among the most important of the Company's regulatory and contractual obligations are the following:

**Prohibition on Discrimination in Marketing and Enrollment.** Amerigroup does not take part in any marketing, enrollment, medical management, provider contracting, or other policy or practice designed to prevent or discourage enrollment in a health plan or require or encourage disenrollment from a health plan by any eligible Medicare or Medicaid beneficiary based on race, ethnicity, national origin, religion, gender, mental or physical disabilities, sexual orientation, genetic information or health status.

Health factors that may not be considered for marketing or enrollment purposes include medical condition, claims experience, use of health care service, medical history, genetic information, evidence of insurability and disability (subject to special rules relating to end-stage renal disease under Medicare Advantage plans).

Federal law also forbids discrimination against providers that serve high-risk groups or that specialize in conditions that require costly treatment. Amerigroup will not select or reject providers based on these factors.

Under the CIA, certain **Enrollment Initiatives** must be reviewed and approved in advance by the OBE, the Legal Department and Regulatory Services. This internal review process is required to assure compliance with federal health care program requirements, including prohibitions on improper discrimination against current or prospective plan members. The CIA defines "enrollment initiatives" as any business processes that are meant to:

- Cause a change in the enrollment of members in a health plan or within any specific subset of current or prospective members
- Prevent or discourage enrollment by eligible people
- Require or encourage disenrollment by eligible people

**QUESTION:** Sean overhears an associate telling a new associate that his major job objective is to "encourage high-cost members to transition to a non-managed care program operated by the state." How should Sean address this?

**ANSWER:** Sean should speak with the associate to make sure he understands that Amerigroup accepts all eligible enrollees into the health plan and does not encourage eligible members to disenroll.

**State and Federal Marketing Rules.** All of the Company's health plans are subject to rules and restrictions on marketing and other promotional activities. These typically include requirements for state or federal agency review and/or approval of marketing materials and activities. They also require that sales and marketing presentations fairly and accurately describe our services. Amerigroup has established internal procedures to ensure that marketing materials follow these rules. All Amerigroup associates, agents and contractors must comply with these rules and avoid any type of misleading sales or marketing practices.

**QUESTION:** Regina's team is responsible for giving marketing materials to her health plan's outreach team. She finds the internal and external review process difficult and asks a vendor to create the materials and put both the vendor and the Amerigroup names on the files. Have Regina's actions put the Company at risk?

**ANSWER:** Yes. By trying to go around the established review process, Regina has put the Company at risk for fines and other penalties if the materials do not follow state rules or do not receive preapproval, if required, by the state. She may not avoid these rules by using an outside vendor to do what she cannot do herself.

**Government Reporting.** All required reports to federal, state and local governmental authorities must be made accurately and in a timely manner. False reports could put the Company and the person responsible for the report at risk for civil or criminal penalties. Associates responsible for providing information that will be included in a report (even when the report is signed by a more senior manager) are responsible for making sure that the information is accurate and for disclosing any problems or concerns before the report is submitted. Documents and work papers used to prepare or support information within a government report must be retained in accordance with Amerigroup record retention policies.

**Kickbacks and Other Improper Incentives.** Federal and many state laws make it a crime to offer or receive payments or other benefits in exchange for the referral of Medicaid, Medicare or federal health care program beneficiaries. Limits also apply to the value of gifts or other favors given to potential members. As applied to managed care organizations, these laws forbid payments to providers, physicians or community leaders for the specific or implied purpose of guiding potential members to a specific health plan.

Associates, officers and directors may not use gifts, entertainment or travel to obtain new health plan members or keep existing members. Although modest gifts and entertainment that are within contractual limits or accepted rules of business etiquette usually are allowed, excessive gifts or entertainment to providers or community leaders that suggest or imply a link between these activities and the referral of members to Amerigroup health plans are not allowed. Offering or accepting even modest gifts can be subject to criminal penalties under federal and state antikickback laws.

Accepting gifts, entertainment or travel from vendors or contractors seeking coverage of their products or services by the Company also is prohibited. Decisions to include a provider in a plan network or to cover a specific product or service must be guided by principles of medical and cost effectiveness, not by self-interest.

**QUESTION:** James is responsible for building community relations with several community- and faith-based organizations. To do this, he will drop off lunch to the staff of each organization on a weekly basis. In speaking with the organizations' leaders, he expects the Company to gain five new members for every lunch he provides. Does this create a potential problem?

**ANSWER:** Yes. This would be an example of providing or offering something in exchange for referrals of enrollees to the health plan. This kind of activity could subject both James and Amerigroup to significant fines and penalties. Even if James does not expect any specific enrollments as a result of the box lunches, his actions would require additional review because of the frequency of the lunches provided.

**Contract Performance Standards.** Each Amerigroup health plan contract has several specific performance standards related to network adequacy, permissible forms of marketing activities, quality of care and responsiveness to member rights, including enrollee concerns or complaints. Meeting these standards is in line with the Company's commitment to integrity and responsiveness in meeting the health needs of members. Failure to follow these rules may subject the Company to financial or other penalties. The Company has developed a number of internal controls to promote and monitor compliance with these standards.

**Dealing With Excluded Persons.** As a state and federal health care program contractor, Amerigroup may not employ or contract with individuals or companies that are barred from taking part in such programs. To meet this obligation, Amerigroup must screen our associates, providers and vendors against exclusion lists kept by the state and federal government before hiring or entering into contracts. We must also re-screen associates and others on a periodic basis.

**QUESTION:** Mary hires a mime to perform at one of the community outreach events. Does the mime have to go through Office of Inspector General and General Services Administration exclusion screening?

**ANSWER:** Yes. All vendors, providers and associates must be screened to be sure that Amerigroup does not contract with or employ a person or company that is barred from participating in federal or state health care programs.

*Remember:* Competitive pressure or "industry practice" is never a valid reason for violating Company policy or regulatory standards. If you believe that a competitor is gaining a commercial advantage by ignoring legal or regulatory requirements, contact the OBE or the Legal Department for help.

## B. Access to and Quality of Care

Each associate, officer and director must, at all times, remain committed to the Company's obligations to promote the delivery of high-quality health care to Amerigroup health plan members. While Amerigroup does not provide direct medical care, our goal is to provide access to quality care for our members. As a result, Amerigroup personnel must guard against any actions, including those described below, that may create a situation in which members cannot access care or in which members receive substandard care:

- Failing to contract with enough providers in the service area to handle enrollee membership
- Delaying or failing to approve timely submitted, medically necessary referrals or other required preauthorizations for care
- Using overly restrictive utilization review procedures or standards to deny reasonable access to medically appropriate care for plan members
- Denying payment of claims that meet claims requirements and otherwise qualify for coverage

All associates, officers and directors should keep in mind that this list is not all-inclusive and that each person is required to avoid actions or inaction that could undermine the Company's mission to provide access to quality health care for health plan members.

**QUESTION:** Tricia is asked to develop a plan to reduce the number of specialists in her plan's network. She is told to consider the quality of care and member feedback. Should she also consider the geographic distribution of specific medical specialists?

**ANSWER:** Yes. Amerigroup health plans must meet network adequacy standards designed to make sure that all members have appropriate access to care. This includes reasonable access to medical specialists. Members needing special care should not have to travel long distances or wait too long for an appointment to see a specialist.

## C. Conflict of Interest

Associates, officers and directors must act in a way that avoids actual or apparent conflicts of interest and that protects the Company's business reputation.

A conflict of interest arises when an associate's, officer's or director's judgment is or could be affected by considerations of improper personal gain or benefit. The following are general examples of conflicts of interest:

**Business Opportunities/Vendor Relationships.** Conflicts may arise from the relationship between an associate or officer with a business partner that is a competitor, customer, provider or supplier, or does other business with Amerigroup.

Associates, officers and directors owe a duty to Amerigroup to advance our business interests whenever possible. Associates, officers and directors may not use corporate property or information, or their positions at Amerigroup, for improper personal gain and may not compete with Amerigroup for business.

Anyone who learns of a business or investment opportunity through their employment at Amerigroup may not take personal advantage of the opportunity without prior written approval from the Chief Compliance Officer. Directors must obtain the prior written approval of the Board of Directors.

**QUESTION:** Carol serves as a marketing representative for Amerigroup. She wants to moonlight at a local provider's office performing bookkeeping. As part of her job, she will be required to reach out to patients who are behind on their payments. Is there a potential conflict of interest if Carol takes the job with the provider's office?

**ANSWER:** Yes, if the new job puts her in regular contact with people who may qualify for Medicaid managed care. This could provide access to potential enrollees of Amerigroup outside of the standard marketing activities allowed under the health plan's contract with the state.

Carol should discuss the matter with her supervisor and/or contact the OBE before accepting the job. Because the specifics of each potential conflict of interest vary, a case-by-case decision will be made as to whether a conflict of interest exists and whether it can be avoided.

**Family and Personal Relationships.** When a family member or close friend of an associate living in the same household works for a competitor, customer, provider or supplier of Amerigroup, a potential conflict exists because there is a chance for favoritism or inappropriate sharing of confidential information. The associate must report this relationship to the OBE.

**Gifts and Favors.** Associates, officers and directors cannot accept gifts, payments, fees for services, discounts, valuable privileges or other favors that might improperly influence them in their work duties.

**Travel and Entertainment.** Amerigroup pays or reimburses valid travel costs in accordance with our expense policy. Business-related entertainment may be accepted or provided as long as it is reasonable and is consistent with the Amerigroup mission and values. Entertainment would be unreasonable if it could be seen as affecting the recipient's business decisions related to Amerigroup. Even modest entertainment should be refused if it could appear to a reasonable observer that the entertainment would influence the recipient's business decisions.

**QUESTION:** Marlee works with many outside vendors and receives invitations to attend vendor events on a regular basis. One vendor sent Marlee an invitation asking her to attend an educational meeting followed by a spa visit to a five-star resort. The highlight of the event involves a concert by several Grammy winners. Should Marlee accept the offer?

**ANSWER:** No. Amerigroup policies limit the acceptance of gifts and entertainment. Vendor gifts or offers of entertainment must be reasonable and business appropriate. As an Amerigroup associate, Marlee must avoid actual or perceived conflicts of interest. In this case, the visit to the spa and concert would not be considered reasonable and could be seen as a reward for favorable contracting terms or vendor reviews or as encouraging selection of the vendor at the time of rebid.

**Personal Use of the Services Provided by Amerigroup Vendors.** If an associate uses Amerigroup suppliers, contractors or other associates for personal business, the associate must pay fair market value for services received and materials provided. This includes loans or guarantees of obligations from third parties who work with Amerigroup.

**Duty to Report.** As conflicts are not always clear-cut, each associate must report all transactions or relationships that might create a conflict. Because it is impossible to outline every potential conflict, associates should recognize that the appearance of a conflict of interest might be just as damaging to the Company's reputation as a real conflict, even when no wrong is done. Associates must report any situation that could result in a conflict of interest or the appearance of a conflict. Reports should be complete and timely. Such reports must be made to the associate's supervisor or the Chief Compliance Officer. The Chief Compliance Officer will determine whether there is an actual conflict or the appearance of one.

#### D. Record Keeping

Associates must comply with internal accounting controls designed to prevent unauthorized, unrecorded or incorrectly recorded transactions and permit the preparation of financial statements according to generally accepted accounting principles.

Associates must be sure that reports and documents filed or submitted by Amerigroup to third parties, including federal and state health care programs and the Securities and Exchange Commission are complete, fair, accurate, timely and understandable.

Associates must maintain business records in accordance with Amerigroup Records and Information Management policies and procedures.

#### E. Use of Amerigroup Resources

Amerigroup associates are expected to manage Company assets and other resources honestly and wisely.

**Physical Assets.** Associates have a duty to protect and not misuse Company property, assets, facilities, equipment and supplies. Personal use of general office supplies including, but not limited to, paper, pens

and stamps, is not allowed. When Company property becomes surplus, obsolete or unusable, it should be disposed of in accordance with established policies and procedures. Associates should report missing property, as well as any unusual circumstances around the disappearance of Company assets, to a supervisor, manager or the Internal Audit department.

**Financial Assets.** Associates responsible for managing Company financial assets must do so honestly and in line with established policies, procedures and internal controls. Company funds may never be diverted for personal use, even briefly, or used for any purpose that is not authorized and approved in accordance with Company policies. Specific rules for approval of capital and operating expenses have been set by the Company.

**Intellectual Property.** Intellectual property used by Amerigroup, whether owned or licensed from others, is a valuable asset and must be protected from unauthorized use or disclosure. This includes, but is not limited to, computer software, confidential Company business

plans, provider contracts and fee schedules, and internal business forms and reports. Each associate, officer and director is responsible for the proper handling of all intellectual property under his or her control. Intellectual property includes all names, logos, trademarks, patents, service marks and copyrights.

All communication systems and other property, including but not limited to email, Internet access and voice mail, are the property of Amerigroup and should be used for business purposes. While highly limited personal use is permitted, each associate should assume that the communications are not private.

Amerigroup maintains the right to monitor each associate's communication use, including websites accessed via the Internet.

As a general rule, you should consider that every document or message that you write will end up on the front page of the local newspaper or on an electronic media site such as YouTube.

## When Communicating at Amerigroup

Any communication from an Amerigroup associate must be factually accurate and appropriate to the situation. Do not state opinions as if they are facts. Be responsible on the number of message recipients and avoid jumping to conclusions. If the subject is complex, consider setting up a conference call or holding a meeting.



## F. Securities Transactions and Other Corporate Opportunities

Associates, officers and directors are required to comply with trading policies adopted by the Company and identified as follows: the policy statement on Trading in Company Securities by Employees and the policy statement on Trading in Company Securities by Directors and Officers.

**QUESTION:** Molly's co-worker recently left Amerigroup to go to another company. Molly receives a phone call from the co-worker. He lets her know that, while he kept a copy of the leads created during his time at Amerigroup, he failed to keep an electronic copy of his sales plan. The former co-worker asks Molly if she would send him a copy of the plan. What should Molly do?

**ANSWER:** Molly should not forward him a copy of the plan. Even though the former co-worker created the sales plan, it was created as part of his duties and responsibilities to Amerigroup. The Company paid the former co-worker for his work efforts, and the sales plan is the property of Amerigroup. The same concept applies to leads generated by the former co-worker. Molly should report the phone call to her supervisor so that he or she can take appropriate follow-up action.

## G. Safeguarding Member Health Information and Other Proprietary, Confidential or Nonpublic Information

All associates and vendors are required to comply with the rules and regulations of the Health Insurance Portability and Accountability Act (HIPAA). Member health information and other proprietary, confidential or nonpublic information about Amerigroup and/or other persons or companies with which we conduct business must be handled properly in order to protect such information from inappropriate access, use and disclosure.

Amerigroup has specific policies in place that must be followed to protect the privacy of such information. Amerigroup has designated a Privacy Officer to oversee our privacy policies, which are available on Heartbeat.

Amerigroup also maintains a security system in each building, and associates must wear and/or show identification badges at all times. Identification badges are required for all associates, temporary workers, vendors and visitors. Detailed information on identification badges is located on Heartbeat.

**QUESTION:** Sonny's department receives a large amount of mail each day from providers and vendors, some of which is addressed for other departments. His normal practice is to have one of his staff members scan the misdirected mail to the proper department while copying the distribution center team members to alert them to the mix up on mail delivery. Sonny recently received several pieces of mail containing member Protected Health Information (PHI) that should have been sent to Case Management. Sonny wants to follow the normal scanning process. Are there any HIPAA issues with doing this?

**ANSWER:** Yes. Because the information contains PHI, Sonny should determine the appropriate recipient of the PHI and send it directly to him or her. Sonny should not copy or distribute PHI to anyone who does not need to receive it.

All associates, offices, directors and affiliates must protect the Company's private business information. This includes casual or other unauthorized discussion of confidential financial or business information – that is, information not available to the general public – with other persons, including friends and relatives.

It is important for associates to exercise care when discussing Amerigroup-related topics online. Associates must refrain from posting confidential Company information on public spaces, social networking sites or blogs.

**QUESTION:** Joe is excited about working for Amerigroup and thinks the Company should do more to promote the good work Amerigroup does each day. May Joe create a personal online social networking account using the Company's name and materials?

**ANSWER:** No. Associates of Amerigroup may not use the Company's name or materials as the associate's identity or screen name when creating a personal online social networking account. Amerigroup policies require senior management authorization prior to publishing Amerigroup materials or posting information about Amerigroup. No individual associate may publish or maintain a social networking or other electronic site using the Amerigroup name without the authorization of an executive vice president. This will protect the use of the Amerigroup name, logo or materials and avoid confusion about the Company's official position on business issues.

## H. Business and Trade Practices

All associates, officers, directors and affiliates must comply fully with all federal and state laws and regulations related to Amerigroup businesses and with all applicable Company policies. Compliance with these laws, regulations and rules is tested regularly by market conduct exams and other regulatory inquiries.

Amerigroup will compete vigorously, but fairly, in the marketplace. The Company will not try to restrict competition through illegal monopolistic or predatory practices. Associates should not:

- Discuss or agree with a competitor to coordinate bids or divide markets
- Exchange information with a competitor about pricing, margins, bids, contracts, plans or other confidential business matters
- Participate in group boycotts of health care professionals or providers
- Make any arrangement with a competitor to reduce competition artificially

Questions relating to business competition and trade practices should be sent to the Legal department.

## I. Government Contracting

Government contracts must be administered in compliance with their own terms and with related laws and regulations. Associates, officers, directors and affiliates who negotiate or administer government contracts must be aware of, and comply fully with, all applicable federal, state and local laws. This includes being accurate and complete in all representations and documents used to negotiate or carry out government contracts. Submitting a proposal, quotation, settlement, rate submission, certification or other document or statement that is false, incomplete or misleading can result in liability for the Company and the associate, officer or director.

Managers and officers must also be aware of rules for recruiting, employing or contracting with current or former government employees.

Questions about government contracting should be sent to the Legal department.

## J. Employment Practices

Employment decisions must be based only on an associate's or applicant's experience, education, skills and achievements without regard to race, color, gender, national origin, religion, age, disability, veteran status, citizenship, sexual orientation, gender identity or marital status.

For specific information regarding Amerigroup employment policies and procedures, associates should refer to Heartbeat or consult their manager or designated Human Resources representative.

**Equal Opportunity and Affirmative Action.** It is the Company's policy to provide opportunities for recruitment, hiring, training and promotion to qualified applicants without regard to race, color, gender, national origin, religion, age, disability, veteran status or other protected classification.

Associates are responsible for administering all Company programs and benefits according to their terms, without discrimination.

**Work Environment.** All associates deserve to be treated with respect and dignity, including a workplace free of harassment.

**Sexual Harassment and Nonfraternization.** Heartbeat contains detailed information on associates' and managers' responsibilities with respect to sexual harassment, including the duty to report. As part of each associate's responsibility to maintain a workplace free of harassment, all associates must follow the Amerigroup nonfraternization policy, as outlined on Heartbeat. This policy states that all associates must avoid situations in which a personal relationship with another associate may create an actual or perceived conflict of interest, cause disruption, or create a negative or unprofessional workplace. The policy also specifically prohibits supervisors from dating associates in the supervisor's direct chain of command.

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature are sexual harassment when:

- Consent to such conduct is made, either explicitly or implicitly, a term or condition of employment or a basis for an employment decision
- Such advances, requests or conduct have the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, humiliating or sexually offensive work environment

**QUESTION:** Scott learned from an associate that a manager in another department has directed inappropriate sexual comments at female associates who work for the manager. Because Scott does not oversee the manager, does he have any obligation to report this alleged behavior?

**ANSWER:** Yes. As a manager, Scott has a duty to respond to reports of inappropriate activity. In the case of the alleged sexual harassment, Scott should reach out to the manager's supervisor and/or Human Resources and report the concerns that were raised to him. Scott also should encourage the associate who reached out to him to report the conduct either through his or her chain of command or to Human Resources. Issues also may be reported anonymously or directly via the Compliance hotlines.

**Nepotism.** Any associate, officer or director must report any cases where he or she reports to or supervises a relative or a person with whom the associate has a close personal relationship. These situations must be reported because they could affect a manager's ability to supervise fairly and effectively. Reports should be made to Human Resources or to the OBE.

## K. Political Contributions

Amerigroup believes that being a good corporate and individual citizen involves voting and being involved in campaigns that affect us. However, there are rules on what Amerigroup and our associates can and cannot do relative to elections and political activities. Amerigroup works very hard to make certain that we comply with both the spirit and the intent of all applicable state and federal election laws.

## L. Fair Dealing

Each associate, officer, director and affiliate must deal fairly with the customers, competitors and associates of Amerigroup. Amerigroup depends on our reputation for quality, service and integrity. Associates, officers, directors and affiliates must never take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practices.



# Fraud, Abuse, Dishonesty or Criminal Conduct

*“In matters of style, swim with the current. In matters of principle, stand like a rock.”*

Thomas Jefferson  
*President of the United States (1801–1809)*

Fraud, abuse, dishonesty or criminal conduct involving business operations is not allowed and will not be tolerated.

- Fraud is a broad concept that refers generally to any intentional act committed to secure an unfair or unlawful gain
- Abuse refers to an activity that is not consistent with generally accepted business, medical or fiscal standard practices

Financial fraud generally involves one of the following categories:

- **Fraudulent Financial Reporting.** This generally involves earnings management arising from improper revenue recognition and overstatement of assets or understatement of liabilities
- **Misappropriation of Assets.** This involves internal or external schemes, including embezzlement, payroll fraud and theft
- **Expenditures and Liabilities for Improper Purposes.** This includes commercial and public bribery, kickbacks or other improper payment schemes
- **Fraudulently Obtained Revenue and Assets/Costs and Expenses Avoided.** This generally involves schemes in which a person commits a fraud against third parties. It also includes cases in which an expense is avoided improperly, such as in tax fraud

**Duty to Report.** Actual or suspected crime, fraud or other misconduct in violation of the law of this Code by the Company, or any associate or affiliate acting on behalf of the Company, must be reported to the OBE or to Internal Audit. Each associate, officer, director and affiliate must cooperate with, and be truthful during, all authorized investigations of such misconduct.

If an associate, officer, director or affiliate subject to the Code is contacted by any law enforcement or other governmental agency about actual or suspected illegal conduct of any kind, such contact should be reported immediately to the Legal department and to the OBE.



## Federal and State False Claims Acts

**Federal False Claims Act:** The federal False Claims Act prohibits knowingly submitting a false or fraudulent claim for payment to the federal government. It also prohibits using false statements or records to obtain an improper payment or to conceal receipt of such a payment. The Act applies to all claims for payment of an item or service given to a beneficiary of Medicare, Medicaid or other federally financed health care program. It also applies to certain claims-related filings and reports, such as Medicare and Medicaid cost reports.

The term “knowingly” means actual knowledge that a claim or statement is false, deliberate ignorance of the truth or falsity of a claim or statement (i.e., willful blindness), or reckless disregard for the truth or falsity of a claim or statement. This does not include honest mistakes or errors, but it may include failure to put into place adequate measures to make sure claims or statements are correct or failure to promptly correct improper claims or statements once they are discovered.

Penalties for violation of the Act can include:

- Civil penalties of up to three times the value of any improper payments received as the result of a false claim or statement
- Additional civil penalties of \$5,500 to \$11,000 per false claim

The Act also authorizes private whistleblowers to file a suit against another private party for alleged false claims. The federal government may choose to join the suit or to let the original private party pursue the matter on its own. If the suit ultimately results in a financial judgment or settlement, the whistleblower who initially brought the suit may win a percentage of the funds recovered. A whistleblower’s share may be reduced or cut if he or she is found to have planned or participated in the false claims violation.

The Act prohibits retaliation against an associate who files a whistleblower suit. An associate may not be fired, demoted, suspended, threatened, harassed or otherwise discriminated against because of the associate’s actions to support a false claims suit. The whistleblower may be given his or her job back with the same seniority status, two times the amount of back pay, interest on the back pay and compensation for any special damages as a result of the discrimination, such as litigation costs and reasonable lawyer’s fees.

Examples of submissions to state or federal agencies that could represent false claims by the Company include, but

are not limited to:

- Inaccurate or incomplete member enrollment information
- Incorrect or incomplete encounter data
- Inaccurate or incomplete medical and administrative cost information
- Inaccurate or incomplete information submitted in response to a government request for proposals
- Inaccurate or incomplete responses to requests for information or data from state or federal agencies

**State False Claims Acts:** A number of states have adopted laws similar to the federal False Claims Act covering claims and statements relating to state government payments. These laws generally include items and services provided to state Medicaid beneficiaries or beneficiaries of other state-sponsored health care programs.

Penalties for violating state false claims acts vary, but they generally are large enough to deter fraudulent behavior. Many state acts also include whistleblower provisions and protections. Summaries of state false claims laws for each state in which Amerigroup operates can be found on the Compliance Program Resources portal of Heartbeat or may be obtained from the Legal department or the OBE.

In addition to the standards for accurate billing and reporting to governmental agencies contained in the Standards of Business Conduct, the Company has a number of policies and internal controls at both the corporate and division levels to prevent the filing of false claims or statements. All associates and contractors should be familiar with the policies and controls related to their job duties.

The Company encourages all associates and contractors to be alert to the potential for false claims or statements and to report questions or concerns through the routes listed in the Code. Issues that cannot be addressed fully at the plan level should be reported to the OBE or the Legal department.

Confidential reports may be made to the anonymous hotline at 1-877-660-7890 or to Silent Whistle at <http://amerigroup.silentwhistle.com> or [www.silentwhistle.com](http://www.silentwhistle.com).

Managers and supervisors must act promptly to investigate and resolve reports of possible false claims or statements and may not retaliate against an associate who, in good faith, reports a suspicion of improper conduct to Company management or to the hotline. All supervisors and managers must be familiar with and follow the Amerigroup nonretaliation policy.

# Reporting Potential Compliance Issues and Nonretaliation

The Amerigroup Compliance Program relies upon associates, members, providers and vendors to speak up about potential compliance issues. To ensure that potential issues will be reported, Amerigroup maintains a strong policy prohibiting retaliation for those who make good faith compliance reports or who take part in compliance investigations. Any manager or supervisor who takes retaliatory action against anyone for participating in the Compliance Program will be subject to corrective action.

**QUESTION:** An associate files a report claiming that Steven does not apply corrective action policies consistently. Around the same time as the report, the associate fails to follow one of Steven's departmental procedures. Steven wants to take corrective action against the associate for failing to complete his job requirements. What should Steven do?

**ANSWER:** Administering a corrective action immediately after an associate files a compliance report might look like Steven is violating the Amerigroup nonretaliation policy. If the facts show that the departmental policy is one that is rarely enforced or is new and has not been rolled out to the staff, Steven risks facing a corrective action himself for retaliation.

If, on the other hand, the associate has violated a well-established and enforced rule, then Steven should contact Human Resources to make sure that the corrective action process is applied consistently and documented properly.

If you want to report a potential compliance issue, you may contact one of the following:

- Your supervisor or manager
- Your state PCO or the Medicare Compliance Officer
- Your Human Resources representative
- The OBE
- The anonymous external hotlines or the internal hotlines maintained by Amerigroup

Contact information for the OBE is:

- 757-473-2737 or extension 32745
- [obe@amerigroup.com](mailto:obe@amerigroup.com)

## External Hotlines

To give associates several ways to report compliance issues, Amerigroup has contracted with an external vendor to provide a live operator and web-based reporting option.

- To call the anonymous hotline, dial 1-877-660-7890
- To file a web-based report, visit <http://amerigroup.silentwhistle.com> or [www.silentwhistle.com](http://www.silentwhistle.com)

*Note:* If you use [www.silentwhistle.com](http://www.silentwhistle.com), you will need to type in "Amerigroup" under the company name. In using this anonymous system, you can be sure that your confidentiality is protected.

**Associates who use the external hotline can respond to questions and provide information to the OBE while remaining anonymous.**

## Reporting Financial Issues

In addition to the reporting routes listed above, if you wish to submit a concern about potential financial noncompliance, you may submit your concern to the Corporate Secretary. Place the report in a sealed envelope and mark it to the attention of the Audit Committee of the Board of Directors. If you wish to leave your contact information for the Audit Committee, you should include that information with the report.

## How to Report Suspected Retaliation

Amerigroup prohibits retaliation against anyone who files a compliance report or takes part in a compliance investigation. If you feel that you are being retaliated against for taking part in the Compliance Program, you should immediately contact one of the following resources:

- Human Resources
- The OBE
- The Legal department
- The external hotline

Contact information for the OBE is:

- 757-473-2737 or extension 32745
- [obe@amerigroup.com](mailto:obe@amerigroup.com)

# Compliance Program Resources

You are not alone in your efforts to make sure Amerigroup operates within the guidelines of the Compliance Program. The following resources are available to you to answer questions, discuss the compliance of proposed activities, assist you in developing a strategy to incorporate your business goals within the guidelines of the program and assist in corrective action, as appropriate:

## Plan Compliance Officers

Each state health plan has chosen a PCO. The PCOs assist the OBE in completing duties listed under the Amerigroup CIA and oversee daily compliance activities for the health plans in which they serve. The PCOs also work with the executive leads of the health plans to identify and assist in avoiding risks. PCOs work together through the Operational Compliance Committee to address compliance risks. PCOs help track and report risks, help with audit coordination/responses, monitor the implementation and effectiveness of integrity programs and track and ensure that there is a timely response to regulatory amendments and changes. The PCOs also monitor key performance standard measurements relevant to their individual area.

The Company also has designated a Medicare Compliance Officer to oversee compliance with Medicare Part C and D program requirements and oversee Medicare Advantage program operations. The Medicare Compliance Officer is responsible for maintaining a fraud, waste and abuse program relating to the Company's Medicare Advantage plans by working with the Corporate Investigations department.

Contact information for each state PCO and the Medicare Compliance Officer is available through the Compliance Program Resources portal of Heartbeat.

## Compliance Program Resources Portal

This intranet site contains links to the Code and the external hotlines, descriptions of required compliance training, compliance educational materials and the Compliance Program policies and procedures. The portal also includes contact information for the OBE staff, the PCOs and the Privacy Officer. You can get to this site by typing "compliance" in your Internet browser while on the Amerigroup system.

## Office of Business Ethics

The OBE is an independent department led by the Chief Compliance Officer. OBE staff is responsible for the daily operation of the Compliance Program. The OBE monitors the internal and external anonymous hotlines, creates and maintains Compliance Program policies and procedures, and works with the PCOs and business owners to monitor the detection and mitigation of potential compliance risks.

Questions about the Compliance Program can be sent to [obe@amerigroup.com](mailto:obe@amerigroup.com).

## Confidential Hotlines

Amerigroup maintains both internal and external confidential reporting routes to allow associates to ask compliance-related questions or report concerns. You can call the anonymous external hotline at 1-877-660-7890. Detailed instructions for using other reporting channels are given in the preceding section.

## Member Privacy Unit

The Member Privacy Unit (MPU) responds to requests from members to appoint personal representatives and provide health disclosure information. The MPU investigates and provides reports to internal and external agencies on potential breaches under HIPAA by Amerigroup or our delegated vendors. The MPU also provides training on minimum necessary disclosures and Amerigroup processes for protecting member PHI.

## Plan Compliance Committees

These committees are chaired by the PCOs and are made up of senior leaders of each PCO's health plan. The committees meet on a regular basis to discuss compliance issues, maintenance of the Compliance Program and potential risks facing the health plan.

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## Operational Compliance Committee

This committee includes the PCOs, the OBE and Regulatory Services staff. The Operational Compliance Committee meets monthly to discuss compliance issues, resource support needs and mitigation efforts to reduce or avoid risk.

## Executive Compliance Committee

The Executive Compliance Committee is made up of members of the Company's senior management. The committee's purpose is to support the effective operation of the Compliance Program. The committee meets every three months to review compliance performance and address issues that require executive leadership. The committee is chaired by the Chief Compliance Officer.

## Nominating and Corporate Governance Committee

This is the Board of Directors committee responsible for making sure that the Compliance Program is adequately staffed and funded and for overseeing the results of the annual Compliance Program effectiveness review. The Nominating and Corporate Governance Committee reviews the Code on an annual basis and provides recommendations on any amendments to the Code to the full Board.

## Beneficiary Rights Ombudsman

The Ombudsman reports to the Chief Compliance Officer and provides periodic reports to the Executive Compliance Committee and the Nominating Committee. The Ombudsman is responsible for accepting, recording, filing and responding to comments, concerns and complaints by Amerigroup members and potential members about compliance issues. The Ombudsman also is responsible for making sure that materials given to members and potential members contain information about the Company's commitment to avoid discrimination against potential enrollees on the basis of health status.



