A Letter from the President & CEO

Trust, honesty, fairness, openness and compliance with company policies and the law are the core principles of our company. Our success as business people, and the success of the Company, depends on our ability to build trusting relationships with our customers, suppliers, business partners and regulators. The business climate continues to be fast moving and competitive. In this environment, we must conduct our business activities in an honest, open and fair manner. The pressure to succeed, both on an individual and company level, never absolves us of the responsibility to do the right thing.

The Company’s Code of Conduct and Compliance Program (the “Code”) is written to help you as a reference and incorporates the key provisions contained in our Company’s policies which are available on the Intranet. Every employee has an obligation to comply with the Code and corporate policies. The Code provides the general standards by which all Company employees should assess the propriety of their actions. These standards provide safeguards to avoid either an appearance of or actual misconduct.

When there are no specific laws or Company policies to direct us, integrity and personal responsibility guide our decisions. Where there are legal requirements, we comply not only with the letter, but also with the intent of the law.

A cornerstone of every company that succeeds over the long-term is sound company ethics. We are in business for the long-term and base our success on a foundation of integrity, honesty and ethics that are beyond reproach.

You have my commitment that I will remain an active participant to ensure that we have such a company.

I urge you to remain familiar with the content of this Code and our corporate policies. I encourage you to seek assistance before acting when a question or concern arises to which there appears to be no clear answer.

Alphonso O’Neil-White
President & Chief Executive Officer
A Message From the Compliance Officer

As Compliance Officer, I have a special responsibility to review ethical and legal compliance issues within the Company. It is my responsibility to ensure that appropriate procedures, with respect to ethics and legal matters, are in place and enforced throughout our Company.

The Code introduces you to the Compliance Program and my compliance function. One of these functions is to make myself, and the other Compliance staff, available to all as a resource for providing guidance on the program’s standards, policies and procedures. Additionally, the Company has a reporting system that allows you, as employees, to report on a confidential basis any occurrences of misconduct within the Company, without fear of retribution.

This Code was created to meet the needs of our Company, ensure compliance with applicable laws and regulations and provide employees with clear requirements for appropriate behavior.

You are required to familiarize yourself with the standards, policies and procedures of the Code of Conduct and Compliance Program. It is imperative that you understand how these standards, policies and procedures relate to you.

If at any time you have any questions regarding the Code of Conduct and Compliance Program, please do not hesitate to discuss them with your supervisor or manager or you can contact a member of the Compliance staff to discuss your concerns with him or her. You may also call the Company’s confidential compliance hotline at 1-800-798-1453. There will be no retaliation for good faith reports to the hotline.

Disciplinary action for Code violations range from a verbal reprimand up to and including termination. If you are aware, or become aware, of a potential or actual violation of the Code, you must report it to management or a member of the Compliance staff as soon as possible. Failure to report a violation of the Code will subject you to disciplinary action.

In my role as Compliance Officer, I am proud to contribute to a process that will ensure that our business practices maintain the highest level of integrity. You have my commitment that the company and I will remain active participants to improve the ways in which we do business.

Kenneth J. Sodaro
Vice President, Corporate Compliance Officer,
General Counsel & Corporate Secretary
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Introduction

Trust is an intangible corporate asset. There is no “trust” column in our balance sheet. We do not list it in our reports. Yet it is as relevant to our success as premiums. It enables the loyalty of our customers and stakeholders. As employees we have a responsibility to build high levels of trust with customers, suppliers, stakeholders, regulators and each other. The principles and guidelines that follow, including the laws, policies and practices on which they are based, are designed to build that trust with every stakeholder. The goal for each of us is to maintain the highest standards of integrity, honesty and ethical behavior.

This Code of Conduct and Compliance Program (the “Code”) represents the policy of HealthNow Systems, Inc. and HealthNow New York Inc. (hereafter referred to as the “Company”). The Code applies to all Board Members, officers and employees of all divisions and subsidiaries of the Company and was prepared to provide employees, and those with whom the Company does business, with a formal statement of the Company’s commitment to the standards and rules of ethical conduct.

Contracting with the government requires that we pay particular attention to the special rules of behavior that the government imposes on us. As a Medicare contractor, we have special compliance rules under the contracts or under the Corporate Compliance Agreement attached to the contract with the Centers for Medicare and Medicaid Services (“CMS”). It is essential that all employees who have obligations under one of the Company’s government programs, such as our Medicare contracts, Medicare Advantage, Medicare Part D Prescription Drug Benefit, Medicaid products, or the Federal Employee Health Benefits (“FEP”) program be aware of and follow the special rules described in the section of this Code titled “Interacting with Government.” In addition, employees with responsibility for the Company’s Part D program are subject to and shall comply with Company’s Medicare Prescription Drug Benefit (Part D) Fraud, Waste and Abuse Compliance Plan (Part D Compliance Plan).
Responsibility to Ourselves and Our Community

Respecting One Another

To paraphrase an old adage, trust begins at home. The way we treat each other and our work environment affects the way we do our jobs. When we work in an atmosphere of trust and respect, we can create more productive relationships with our co-workers, members, beneficiaries, providers, subscribers, suppliers and stakeholders. Our responsibility to ourselves and our environment begins with the basic tenets of respect and honesty, and builds on our mutual commitment to open communication and teamwork.

Our Basic Responsibilities

As employees, we have responsibility for upholding the values, principles and standards we share as members of the Company team.

- Be respectful, cooperative and helpful toward members, beneficiaries, providers, subscribers, co-workers, suppliers and the general public.
- Do not steal from, nor act in an abusive, threatening, discriminatory, harassing or obscene manner toward any employee, member, beneficiary, provider or supplier.
- Respect the authority/responsibility of our managers and other Company managers.
- Do not disparage the Company or any Company employee.
- Do not misrepresent the Company, its products, or its people. We are truthful in all that we do.
- Follow all Company policies governing day-to-day performance of our jobs, including, but not limited to, the standards set forth in this Code.
- Do not engage in improper or illegal behavior even if directed to do so by someone in higher authority. No one, regardless of position, has the authority to direct us to commit a wrongful act.
- Cooperate fully when the Company is investigating work-related matters.

Open Communication

Open and honest communication fosters teamwork and creativity. It builds trust with members, beneficiaries, providers, subscribers, customers, regulators, stakeholders and each other.

The Company is committed to providing an environment that encourages and fosters open internal communication. This means that the Company and its managers will encourage and provide the means for employees to express their ideas, opinions, attitudes and concerns to management without fear of reprisal. The Company and all its employees will value and respect
what members and providers have to say and remain receptive and open toward customers and their ideas and opinions. The Company will provide employees and all other stakeholders with accurate and timely information of importance to them and the Company.

**Employee Privacy**

The Company often needs to acquire and retain personal information on individual employees for effective operation of the Company. The Company limits access to such information to authorized personnel who need the information for business or legal purposes.

The Company may monitor the personal communications of employees at work and search their work spaces. Thus, employees should not assume that these communications and work spaces are private. The Company retains the right to search any and all Company property and property brought onto Company premises at anytime, including but not limited to offices, desks, cabinets, e-mail, voice mail and computer files as well as employees’ possessions brought into the workplace.

The Company will comply with all applicable laws and legal processes regarding disclosure and forfeiture of personal information, confiscated illegal substances or material evidence. Wherever applicable law does not regulate the release of these items, we will protect these items from unreasonable disclosure.

**Question:** If an employee is terminated from the company and his or her potential employer calls for a reference, does our company give information on job performance, attendance or compensation to the potential employer?

**Answer:** No. Regardless of whether an employee is terminated or resigns, human resource policy does not allow for the disclosure of the contents of his or her personnel file. The only information given is a verification that the person worked at the Company, positions held and dates of employment. Salary information will be released only with the written consent of the terminated employee.

**Non-Discrimination and Equal Employment Opportunity**

The Company is an equal opportunity employer. It is our policy that applicants for employment and employees receive fair and equal treatment. The Company prohibits all forms of unlawful discrimination including discrimination on account of race, color, religion, sex, national origin or citizenship, age, marital status, sexual orientation, genetic carrier status or predisposition, disability or status as a special disabled veteran, veteran of the Vietnam-era, or any other veteran who served on active duty during a war or in a campaign or expedition for which campaign badge has been authorized, recently separated veterans, or other protected veterans. The Company and its employees are committed to establishing and maintaining a workplace free of unlawful discrimination. We strive to evaluate all employees solely based on merit. We are fully committed to equal employment opportunity for all employees, and applicants for employment, by ensuring that there is no unlawful discrimination in recruitment, hiring,
termination, promotions, salary treatment, or any other condition of employment or career
development. We will treat employees, customers, suppliers, and all with whom we come in
contact, with respect and dignity. We will not tolerate the use of discriminatory slurs or any other
remarks, jokes or conduct that in the judgment of the Company encourages or permits an
offensive or hostile work environment.

**Question:** One of my co-workers has a habit of telling questionable ethnic or “off-
color” jokes. This offends me. How can I get this to stop?

**Answer:** Company policy prohibits this type of behavior. You have the option of
discussing your feelings with the person telling the jokes, if you prefer,
or if you cannot resolve the matter in this way, you should discuss the
situation with your manager, or you may contact a representative from
the Human Resources Department, or you may contact a member of the
Compliance staff.

**Harassment**

The Company prohibits all forms of unlawful harassment, in accordance with the Company’s
corporate policy. Unlawful harassment includes harassment of employees by employees and
harassment of employees by non-employees whom Company employees interact with during
work. Non-employees include employees of contractors, customers, vendors, suppliers and
temporary employment agencies. Similarly, Company employees are prohibited from engaging
in unlawful harassment of non-employees with whom they interact, including employees of
contractors, customers, suppliers, and temporary employment agencies.

Generally, unlawful harassment is defined as verbal or physical conduct which denigrates or
shows hostility or aversion to an individual because of his or her race, religion, color, gender,
age, national original or citizenship, marital status, veteran status, disability, sexual orientation,
or genetic carrier status or predisposition, or that of his or her relatives, friends or associates, and
which:

1. Has the purpose or effect of creating an intimidating, hostile, or offensive work environment; or

2. Has the purpose or effect of unreasonably interfering with an individual’s work performance; or

3. Otherwise adversely affects an individual’s employment opportunities.

For example, the following kinds of behavior, or others with a similar harassing effect, are
absolutely prohibited:

1. Abusing an employee through epithets, slurs, negative stereotyping, or threatening,
imintimating or hostile acts (even if claimed to be “jokes” or “pranks”) which relate to race,
religion, color, gender, age, national origin or citizenship, marital status, veteran status,
disability, sexual orientation, genetic carrier status or predisposition; and
2. Written or graphic material which denigrates or shows hostility or aversion toward an individual or group because of race, religion, color, gender, age, national origin or citizenship, marital status, veteran status, disability, sexual orientation, or genetic carrier status or predisposition, and is displayed or circulated in the workplace.

Company policy also strictly prohibits any form of sexual harassment in the workplace. Sexual harassment may include, but is not limited to:

- Stating or threatening, either explicitly or implicitly, that an individual’s submission to, or rejection of, sexual advances will in any way influence any decision regarding that individual’s term or conditions of employment or other business relationship.

- Existence of a sexually abusive or hostile working environment. This is characterized by unwelcome sexual advances, verbal or physical conduct of a sexual nature, gender harassment (even if the conduct is not sexual in nature), or display of sexually suggestive objects or pictures.

Family and Other Personal Relationships

All of our personnel decisions must be based on sound management practices. We cannot allow personal relationships to bias our objectivity. To provide a working environment free from improper influence, we must reasonably separate considerations of family or personal relationships from matters relating to supervision, job assignment, appraisals, promotions, compensation decisions and hiring practices.

The Company requires employees to immediately disclose to their managers any family or other personal relationships that may cause, or give the appearance of, a conflict of interest either internally or with competitors or suppliers.

Outside Employment and Other Activities

Employees must not engage in activities that conflict with, have a negative impact on or are otherwise incompatible with, our responsibilities to the Company.

As the health insurance industry becomes broader and more complex and the Company enters new markets, we must take special care to avoid outside activities that conflict or appear to conflict with the Company’s business. Employees are not permitted to have outside employment with any company engaged in a line of business in which our Company is currently operating, or which it is actively seeking to enter.

Employees should not engage in any activity that aids a competitor of the Company. Such activities include any outside work by an employee (including self-employment) that involve the planning, design, sale or purchase of services or products that the Company currently provides or plans to provide. The only time employees may provide assistance to others who may be competitors is when they are authorized to do so under specific Company projects such as joint-venture activities, in accordance with applicable laws, regulations and Company policy.
If employees have an affiliation or interest in any outside organization or governmental body, they should notify their managers and disqualify themselves from making any decisions on behalf of the organization or governmental body that specifically involve the Company - for example, a procurement or permit decision - to avoid any conflict of interest or appearance of a conflict of interest that could damage the Company’s reputation.

Each year, the Board of Directors, officers, salaried, management and other employees are asked to sign a Conflict of Interest Disclosure Statement, disclosing any personal, business or financial interests or activities that may conflict or appear to conflict with the interests of the Company. All actual or potential conflicts must be disclosed so that the Company can determine whether a conflict exists and if so, what actions should be taken to eliminate or avoid the conflict. Persons to whom the Conflict of Interest Disclosure Statement is distributed must answer all questions fully and accurately and must attest to the accuracy of the information given.

**Safety in the Workplace**

The Company is committed to providing a safe and secure work environment. Accordingly, it is Company policy to comply with all safety and health-related statutes and regulations, as well as Company policies regarding employees safety and health. Standards for workplace safety include:

**Weapons:** Our commitment to safety means that employees must not carry or possess firearms, knives, defense sprays, explosives, or any other weapons on Company-leased or -owned premises, in Company vehicles or anywhere else during working hours. This applies even to employees who have a permit or license to carry a weapon.

**Workplace Violence:** The Company strictly prohibits acts of physical intimidation, assaults, or threats of violence by employees. Violations of this policy are not tolerated and must be referred immediately to your manager, another manager or directly to Building Security or the Human Resources Department.

**Alcohol:** The consumption of alcohol in any situation that might reflect adversely on the Company, endanger ourselves or others, or impair our ability to perform our duties is strictly prohibited. No one may report to work or remain at work if, in the judgment of his or her manager, his or her performance is impaired because he or she is under the influence of alcohol. Alcohol must never be consumed in Company vehicles, nor should any employee consume alcohol in personal motor vehicles while in use for Company business. Any suspected violation of this policy should be promptly reported to your manager or the Human Resources Department.

From time to time, certain employees participate in business-related activities involving employer groups, vendors, providers, brokers and other customers that occur outside of the normal work environment. These activities are generally considered reasonable and natural extensions of our business relationships. Examples include attendance at sporting events, golf outings, fund raisers and other community activities. In some of these situations, alcohol may be served. It is critical that employees conduct themselves responsibly and not consume amounts that would be considered over legal limits. Further, employees should display professionalism...
and not conduct themselves in a manner that discredits the Company. If the employee is entertaining a current or prospective business associate, sound judgment should be exercised with regard to the place for the entertainment and the amount of alcohol purchased and/or consumed. The Company does not condone the purchase or consumption of excessive amounts of alcohol by any employee when they are representing the Company. Employees must not put themselves or our business associates in situations that could negatively impact their health and well-being and expose the Company to any potential liability.

**Drugs:** The Company strictly prohibits the sale, use, possession, manufacture and distribution of illegal drugs on Company property, in company vehicles or on company time. The Company also prohibits the abuse of any legal drugs while on Company time or business or on Company premises. No one may report to work or remain at work if he or she is under the influence of illegal drugs. Any suspected violation of this policy should be promptly reported to your manager or the Human Resources Department.

**Smoking:** The Company prohibits smoking in all areas of the buildings and grounds (except in designated areas). Employees who become aware of violations should promptly report them to their manager or to Security.

**Safe Work Practices:** The Company has developed many practices in an effort to protect employees from accidental injuries. Employees who become aware of potentially harmful or dangerous conditions at work or on company property must promptly report them to their management or the Human Resources Department.
Protecting Stakeholder Value

Guarding Company Assets

The Company has a responsibility to our stakeholders to protect Company assets. Stakeholders include members and beneficiaries, providers, regulators, employees and the Board of Directors. Doing so is critical to building and maintaining stakeholder trust and loyalty. Not only could improper or careless handling of assets harm the Company’s financial stability and strength, but such violations of trust could adversely affect a decision to support our strategies and decisions.

Financial Accountability

The Company maintains a system of internal controls that is designed to reasonably ensure that all transactions are properly executed and recorded in accordance with management’s authorization. All employees and Board members are expected to adhere to these policies.

a. Health Care Fraud, Waste and Abuse

Health care fraud, waste and abuse are significant problems for the health insurance industry. The Company is totally committed to safeguarding our customers’ premium dollars and the Medicare and Federal Employee Health Benefits Program trust funds by adopting measures to detect and prevent such activities. Employees are expected to be vigilant in detecting and preventing fraud, waste and abuse and are expected to immediately report all suspected fraudulent or abusive practices by providers, members, subscribers, vendors or other employees to the appropriate department, or to the Compliance Officer. All such reports will be kept in confidence, to the extent possible.

b. Accuracy of Books and Records

No unauthorized or unrecorded Company funds or assets may be created or maintained for any purpose. In addition, creating or recording false entries in the Company's books is strictly prohibited.

Federal and state laws require the Company to ensure that its books and records accurately reflect the true nature of the transactions represented. It is against Company policy, and possibly illegal, for any employee to intentionally cause our books and records to be inaccurate either by entry of false information or through deliberate omission.

c. Retention of Records

Company business records, including medical records, must be retained in accordance with laws and regulations and the Company's record retention policy.
Disposal or destruction of the Company’s records and files must be in accordance with the Company’s record retention policy and department procedures. Legal and regulatory practices require the retention of certain records for various periods of time, particularly in the tax, human resources, health and safety, environmental, contract and corporate areas. In addition, when litigation or a government investigation or audit is threatened or pending, relevant records shall not be destroyed until the matter is closed and proper authorization is received. Destruction of records to avoid disclosure in a legal proceeding may constitute a criminal offense.

If you are uncertain about the proper retention period for any document or possible restrictions on destroying a document, contact department management, the Compliance Officer or the General Counsel.

Company Time

Company time includes, but is not limited to, the time that employees are assigned to work. Employees must make the best use of their time by continuously striving to produce a quality work product in an efficient manner. Therefore, employees must be on the job when scheduled and conform to the Company’s rules governing their day-to-day performance. Labor and materials costs must always be charged accurately and to the appropriate cost center or account, regardless of the financial status of the program, project, or contract or the budget status of a particular account or line item. Time records and all other business records must be complete and accurate. Falsification of time or other records is strictly prohibited. Correction of time records or other records can be accomplished only in accordance with established procedures and must be supported by appropriate documentation and approvals.

Company Property

Employees must protect all Company property, including, but not limited to, equipment, supplies, keys, records and reports, computer software and data, which include e-mail and voice mail, and proprietary information, whether tangible or intangible.

That means employees:

- May not take, loan, donate, sell, receive, intentionally damage, sabotage, destroy, or otherwise dispose of any type of Company property, regardless of condition or value, unless specifically authorized. In addition, we may not use such property for non-corporate purposes unless specifically authorized.

- Should take measures to ensure against theft, damage, sabotage and misuse of Company property.
• Must report actual or suspected theft or misuse of Company property to their manager, Security or the Compliance Officer.

**Question:** My group is receiving new personal computers and printers. The local elementary school in my neighborhood could really use the old equipment. May I donate my old equipment to the school on the Company’s behalf?

**Answer:** Though Company equipment may be obsolete, there are other factors that must be considered before the company chooses to discard or donate it, such as accounting practices, retention of confidential information contained in old equipment, and corporate contribution policies. Any donation of any assets must be approved by the Chief Financial Officer.

**Company Funds**

Employees must properly use and protect Company cash and its equivalents, including currency, checks, money orders, postage, charge cards, bills, vouchers, and reimbursement claims. This means making sure that all claims, vouchers, bills, estimates and invoices are accurate and proper. Corporate charge cards and calling cards are to be used only for Company business. When presenting any voucher or bill, employees will reasonably ensure that the charge has been approved by the appropriate manager and the nature of the expense and the amounts involved are appropriate and proper.

**Company Reports**

All Company reports, including time records, vouchers, bills, payroll, expense reports, measurement and performance data of the Company, financial statements and other essential data, whether computerized or on paper, must be accurate and valid.

That means employees:

• Must follow all laws, regulations and Company policies and procedures for carrying out and reporting business transactions, and must also obtain appropriate authorizations and establish and comply with all internal controls.

• Must never create a false or misleading report or record including, but not limited to, vouchers, financial information, other records pertaining to corporate funds or Company property, performance measurement data, work time reporting, benefits enrollment forms or claims.

• Will not create or submit false or misleading reports of operating statistics and measurements (sales reports, performance data, utilization data, etc.), nor suppress, alter or destroy operating data and reports.
- Will not improperly destroy any corporate accounts, records or other official Company documents, or improperly alter or make false entries or, conversely, intentionally fail to make correct entries.

- Will advise customers and suppliers of any clerical or accounting errors, as they become known, and ensure prompt correction of such errors through credits, refunds or other mutually acceptable means.

**Intellectual Property**

Intellectual property laws enable the Company to protect valuable assets, including provider contracts and systems. Intellectual property can include copyrighted materials, proprietary information, know-how, trade names, brand names, advertising slogans, etc. Employees are required to protect the Company’s intellectual property rights by adhering to the following guidelines:

**Proprietary Information:** Employees must understand that many Company documents and information are proprietary in nature. Company proprietary information can include business and marketing plans, sales and marketing data, customer and employee records, research and technical data, strategies, information pertaining to new products and services and computer software. Employees can and should protect all proprietary information by:

- Marking documents with appropriate proprietary notices and legends, taking measures to ensure that the information is kept in a secure manner, and not permitting disclosure of our Company information to third parties without management and Legal Department approval.

- Never discussing such information in public places where it may be overheard. Employees also should never discuss proprietary information with family members or others who might inadvertently pass the information on to someone else.

The obligation not to disclose such information also applies after an employee leaves the Company. In addition, employees must return all proprietary information in their possession upon separation of employment.

**Question:** How can I determine whether a document is considered “proprietary” if it is not marked that way?

**Answer:** First, you should ask the person who generated the information, the appropriate manager or officer, or the General Counsel. If he or she is unavailable, base your decision on the nature of the information. Does it deal with company strategies, new products or Company performance? If so, it could be proprietary.

**Patents, Copyrights and Trademarks:** Company employees should properly utilize tag lines and comply with other restrictions imposed by the BlueCross BlueShield Association Service Mark Requirements and Graphic Standards. It is also very important that employees identify and disclose to management any and all new works of authorship, technology advances or unique
solutions to business problems that are developed during employment with or that relate to the Company. This will enable the Company to take measures to protect existing and new works under applicable patent, trademark, copyright or proprietary information laws and regulations.

**Confidential Information**

Employees must protect the integrity of confidential information at all times. Employees must be familiar with all policies and procedures regarding maintaining the confidentiality and disclosure of personally identifiable health information of members and beneficiaries.

Do not disclose confidential information to persons outside the Company unless they have a legitimate need for the information and they have been properly authorized by our management to receive it. In order to protect confidential information, you should take reasonable steps to ensure that it cannot be intentionally or inadvertently discovered by persons outside the Company. This requires you to take reasonable steps to safeguard confidential information, such as keeping confidential data in a secured location in your office or work area, and not discussing confidential information with co-workers in public areas such as elevators and taxicabs.

**Maintaining Computer and Network Security**

To conduct daily business operations and future strategic initiatives, the Company is critically dependent on its technical network computers and their associated software, data and supporting processes, otherwise referred to as corporate information assets. If critical corporate information assets were inappropriately disclosed, altered, unavailable, or unreliable, the Company could suffer serious losses, such as damaged reputation, financial loss and/or loss of business services. Therefore, we must maintain the confidentiality, integrity and availability of corporate information assets by proactively protecting:

- Information used to access Company systems and facilities including, but not limited to user ID’s, passwords and identification badges.
- Company information and systems including computers, software, hardware, and files and processes used for audit and recovery purposes.

As members of the workforce, we are accountable for protecting corporate information assets in accordance with established Corporate Information Security policies, which can be accessed through the Company’s Intranet. If you have any questions regarding the content of corporate information security policies, please refer to your management for guidance.

Corporate information assets are considered proprietary and are the sole property of HealthNow Systems, Inc. and HealthNow New York Inc.

**Insider Trading**

Board members, officers, employees and consultants are prohibited from buying or selling securities of any corporation while such person has knowledge of “material, non-public information” concerning the corporation obtained through employment at the Company or
otherwise. In the most basic terms, material information is any information that is important to a reasonable investor in deciding whether to buy or sell stock. In short, any information that could reasonably affect the price of the stock is material. Information is “non-public” or “inside information” if it has not been disclosed to the public by means of a press release, conference call, SEC filing or other manner that is reasonably designed to furnish broad public access to the information. Whether information is “material” is highly dependent on the particular facts and circumstances relating to a given item of information. You should ask yourself, “Does the information that has not been made public significantly change the mix of information that has already been made available to investors?” If so, it is material.

Securities laws also impose liability on any person who “tips,” i.e., communicates, material, nonpublic information to another who then trades on that information. Penalties apply whether or not the tipper derives any benefit from the tippee’s trading activities. Tipping violations can result from verbal, written or electronic communications.
Operating with Integrity

Winning in the Marketplace

To achieve a sustainable record of success, the Company must depend on its reputation for quality, service and integrity. The way we deal with our customers, competitors and suppliers molds our reputation, builds long-term trust and ultimately determines our success.

Fair Competition

The Company is committed to a policy of vigorous, lawful and ethical competition that is based on the merits of our products and services. We seek to maintain the trust of our customers and suppliers by providing high quality products and services in a fair and ethical manner. We must take special care to avoid engaging in anti-competitive activities or unfair trade practices. Some basic guidelines for competing fairly and ethically are:

- Avoid all contracts and agreements that unlawfully reduce or eliminate competition.
- Refuse any agreements with competitors to establish prices or divide markets either by market segment, geography or by any other means.
- Respect the contracts made between a prospective customer and a competitor.
- Maintain our customers’ trust by ensuring that our sales materials, advertisements and other public communications accurately and fairly describe our products and services and do not contain misleading or deceptive information.
- Promote our products and services through fair and accurate comparisons with our competitors’ products and services. We do not engage in unfair, misleading, or inaccurate comparisons.
- Accuracy and honesty in all dealings with customers and are careful not to misrepresent the performance, features or availability of our products and services.
- When a customer selects a competitor’s product or service, we will continue to provide high-quality service for any other products we continue to supply to the customer and will not disparage the competitor’s product or service.

Laws and Regulations

It is important for employees to know the laws and regulations that apply to the Company’s activities, to stay current with any changes and, most importantly, to comply with those applicable laws and regulations. Departmental management is responsible for ensuring that employees are properly educated on laws and regulations and trained on their applicability to the employees’ roles and responsibilities.
The New York State Departments of Insurance and Health have regulations specific to many areas. The following list reflects many of the areas regulated:

- Requirements governing when the insurer has the right to refuse to renew or to cancel a policy and the insurer’s right to increase premiums.

- Rules relating to the reinstatement provision when conditions under which resumption of coverage will occur after a policy has lapsed for nonpayment of premiums. These usually include payments of overdue premiums and a definition of when coverage begins after reinstatement.

- Provisions regarding conversion from group policy to individual policy.

- Coordination of benefits when covered by more than one insurance policy.

- Requirements for minimum size of group and eligibility requirements.

- Requirements related to processing claims and inquiries.

Some significant industry-related federal laws and regulations that affect the products and services we offer include:

- Health Insurance Portability and Accountability Act (HIPAA), which governs insurance portability provisions and administrative simplifications procedures for healthcare transactions and the privacy and security of personal health information.

- Employee Retirement Income Security Act (ERISA), which governs plans providing employee benefits including medical, surgical or hospital care benefits as well as sickness, accident and disability.

- Consolidated Omnibus Budget Reconciliation Act (COBRA), which requires employers with 20 or more employees to allow certain employees who would otherwise lose their coverage to continue coverage by paying 100% of the cost plus an administration fee for a specified time.

- Age Discrimination in Employment Act (ADEA), which requires that active employees in companies with 20 or more employees be eligible for the same medical expense coverage, at the same cost, regardless of age.

- Civil Rights Act of 1964 and 1978 Pregnancy Discrimination Act, which state that group health insurance must be provided without discrimination on the basis of gender. Pregnancy, childbirth or related medical conditions must be treated the same as any other medical condition and included in group health coverage offered to employees.

- Americans with Disabilities Act (ADA) of 1990, which requires employees who are disabled to be given the opportunity to be covered under group health insurance plans on the same basis as other employees.
• Family and Medical Leave Act (FMLA), which requires employers with 50 or more employees to continue group health insurance to all employees while they are on qualified family and medical leave.

Additionally, the Company is subjected to many special requirements as a federal government contractor. These requirements apply to our administration of health coverage for federal employees, our obligations as a Medicare carrier, and the offering of Medicare Advantage products and Medicaid products.

Some significant federal laws affecting our government business include:

• False Claims Act, which prohibits knowingly presenting (or causing to be presented) to the federal government a false or fraudulent claim for payment or approval. Additionally, it 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 by the federal government or its agents, like a carrier, other claims processor, or state Medicaid program.

• Anti-Kickback Statute, which prohibits persons or entities from knowingly and willingly offering, soliciting, or receiving remuneration in order to induce or reward the referral of business payable by a federal health care program.

• Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which established a new benefit providing Medicare outpatient prescription drug coverage (commonly referred to as the “Part D benefit” or “Part D”) and which established new rules for Medicare private health plans.

Some key areas of regulation include restrictions on:

• Offering gifts to government employees.

• Accepting gifts from providers that support our federal contracts.

• Preparation and submission of accurate proposals, budgets and other records including performance data.

• Allocation of employee time.

• The charging of costs under federal contracts.

• Relationships with vendors and suppliers who furnish goods and services under our federal government contracts.

• Restrictions on recruiting and hiring current and former federal government personnel.

• Restrictions on hiring or retaining individuals and/or entities that have been excluded from doing business with the federal government.

Please refer to the “Interacting with Government” section for a discussion of each of these areas.
Employees are responsible for asking questions when they are uncertain about the propriety or legality of particular conduct, and for reporting specific instances of noncompliance with applicable laws and regulations.

The Company is fully committed to comply with all of the contract terms, laws, regulations and guidance from the Centers for Medicare and Medicaid Services (CMS) applicable to the Medicare Advantage and Medicare Prescription Drug Benefit programs, as well as other Medicare contracts. This commitment applies to Company officers, employees and the Board of Directors.

Failure to comply with applicable laws and regulations could result in regulatory and legal sanctions against the Company and employees including fines and penalties, exclusion from federal programs, restrictions on competitive activity and even imprisonment for employees who have responsibilities for these matters. In addition, employees can incur personal liability for improper or illegal actions taken on behalf of the Company under certain circumstances. The Company will take disciplinary action as appropriate. For further information, consult with the Compliance Officer or the General Counsel.

Gathering Competitive Information

**Question:** Over the years, I have established good relations with the account executives of some of our competitors. In fact, we often play golf together, attend trade shows and conferences and catch up on industry trends, customer deals, et cetera. Am I in violation of fair trade practices?

**Answer:** You should use caution in these situations. For instance, never discuss the price or terms of any Company contracts. You should not joke about inappropriate topics, such as dividing up sales territories, as this could be misinterpreted and misreported. If the conversation turns to any kind of anti-competitive discussion, you should refuse to discuss the matter and leave the conversation immediately.

Abide by the following guidelines:

- Gather information about our competitors from proper sources, such as published articles, advertisements, publicly distributed brochures, other non-proprietary materials, surveys by consultants, conversations with brokers or customers, and other appropriate sources. When in doubt, contact the General Counsel or the Compliance Officer for guidance before obtaining or using the information.

- Accept competitive information only when there is a reasonable belief that both receipt and use of the information is lawful and appropriate.

- Never attempt to acquire a competitor’s trade secrets or other proprietary information through unlawful means, such as theft or spying.
• Do not solicit or obtain confidential information about a competitor in a manner that would require a person to violate a contractual agreement, such as a confidentiality agreement with a prior or current employer.

• Never misrepresent our identity when attempting to collect competitive information.

• When serving customers who are also our competitors, we should never improve our competitive position by requesting or obtaining information that is not required to serve them effectively as a customer.

**Entertainment, Gifts and Gratuities**

When we make, or are involved in making decisions for the Company, we must make those decisions with integrity, honesty, independence and objectivity of judgment that must not be compromised. Some examples of actions that require independence and objectivity include claim adjudication, benefit determination, purchasing decisions, review of provider participation levels and audits of third-party performance. In these types of situations, we must not accept any gifts, entertainment or gratuities that could influence, or be perceived to influence, our decision making.

Our constituents (including customers, providers, subscribers, members, brokers, consultants, beneficiaries and vendors) may have similar standards and responsibilities. In addition to knowing and complying with the Company standards, it is important to acquaint ourselves with our constituents’ standards of conduct so that we do not put them or ourselves in compromising or questionable positions. (See the “Interacting with Government” section of this Code for standards that apply when dealing with federal or state government officials.)

Whenever we are involved in exchanging business courtesies such as modest gifts, meals and entertainment, etc., we must comply with the following standards:

**Entertainment**

Any entertainment offered or accepted should be a reasonable extension of a business relationship. It should also occur infrequently and be reasonable in nature. Whenever we accept such entertainment, the Company should reciprocate with similar reasonable hospitality.

Before offering or accepting any invitations, manager approval is required. The primary decision-maker(s) involved with a particular customer, provider, insured, broker, or vendor are responsible to ensure that the Company reciprocates entertainment accepted so as to avoid any obligation to a particular host. The term “entertainment” includes, but is not limited to, meals, charitable and sporting events, golf, parties, plays and concerts. There are special rules when dealing with federal programs — see the “Interacting with Government” section.

**Question:** I used my own money to buy four tickets to a professional football game. I would like to give them to one of my clients. Since the Company is not paying for the tickets, does the Company’s policy on gifts and entertainment apply?
Answer: First, you should not purchase customer gifts or entertainment with your own money. In addition, unless specifically authorized, you should not give gifts that are worth more than the amount established by the company. However, it is acceptable to take a customer to a sporting event, provided the Company is deriving a business benefit and you have authorization from your manager. In such cases, our Company must pay for the tickets. If a federal program is involved, contact the Compliance Officer.

Accepting Gifts and Business Courtesies

If you are offered any invitation involving travel, accommodations or entertainment above $100 provided by a current or prospective vendor or supplier, you must obtain written authorization from the Compliance Officer to accept the invitation.

Entertainment, as defined above, includes items such as meals, events and activities. As noted above, entertainment should be reasonable and infrequent in nature. This section provides guidelines on gift acceptance. The term “gifts” includes, but is not limited to, tangible items such as clocks, golf balls, shirts and pens.

There are special laws governing kickbacks from vendors and suppliers who furnish goods and services under federal government contracts and from providers under federal health care programs (including FEHBP (FEP), Medicare, Medicaid and Tricare). The Company is committed to abiding by these laws. In addition, as a Company employee, you must not accept business gifts or anything of value from vendors, suppliers, subscribers or from beneficiaries, except in the limited circumstances discussed below. In no situation, should you accept a gift or anything of value from a business partner or potential business partner in exchange for a business decision. Accepting a gift in exchange for favorable treatment or to secure business is illegal, and can subject you as an individual, and the Company as an organization, to criminal prosecution.

As a general matter, employees should avoid gifts and business courtesies beyond the infrequent receipt of a gift or business courtesy of nominal value. Generally, the value of all gifts received in one year from the same source should not exceed $100.

When offered gifts that exceed the $100 limit, the circumstance must be reported promptly to your manager and either return the item to the giver or, in the case of perishable items, donate them to a charitable organization. In either situation, employees should promptly inform the giver of our Company’s gift policy.

The following language is appropriate for a letter to the giver in such a case:

Dear xxx:

While I appreciate the thought behind the (gift) that you sent me, it would be inappropriate for me to accept and I (am returning it to you/have donated it to xxx).
Company policy limits employees from accepting gifts from any (vendor/supplier/provider) that exceed a $100 annual limit. I know that you’ll understand that no matter how well meant a gift may be, it could be misinterpreted.

I certainly don’t want anything to interfere with the excellent business relationship we enjoy.

To avoid potential violations of the federal anti-kickback statutes, as a Company employee, you must never solicit anything of value from a broker, vendor, supplier, provider or subscriber. In addition, you should not accept any gifts of money, or gifts with a cash value such as gift certificates, no matter the amount, from these sources.

The Company’s policies regarding gifts to Company employees apply equally to the immediate family of Company employees.

Offering Gifts and Business Courtesies

Offering courtesies, such as gifts, is a common practice meant to create goodwill and establish trust in business relationships. If we use good judgment and act with moderation, the occasional gift of nominal value may be appropriate, as long as it could not be perceived as influencing any procurement or sales decisions, and is consistent with applicable law and regulation. Whenever we offer these courtesies, we must comply with the following standards:

Gifts: Gifts of nominal value may occasionally be given when they are associated with promotional activities or are simply gestures of good will. However, gifts to any one party (broker, client, provider, etc.) should be valued at less than $100 in aggregate per calendar year. If a federal or state employee is involved, contact your manager and the Compliance Officer no matter the dollar value and refer to the section "Interacting with Government."

Gifts Given to Influence: We must never offer, either directly or indirectly, bribes or kickbacks of any kind, i.e., items meant to influence the recipient improperly. This includes money, loans, special privileges, personal favors, benefits or services. Such payments or favors may be considered bribery, which violates Company policy and may violate applicable laws. This prohibition applies across the board to all of our business relationships, whether those relationships are with the government or with private sector entities.

Respecting Intellectual Property Rights

Intellectual property can include copyrighted materials, proprietary information, know-how, trade names, brand names, advertising slogans, etc. Company employees must not take any actions that may impair intellectual property rights. For example, reproducing or duplicating copyrighted materials including software, can violate copyright laws. If you have any questions regarding use, modification or reproduction of copyrighted materials, please contact an attorney in the Legal Department.

We must not knowingly use another party’s intellectual property unless there is an agreement in place that authorizes such use (usually a written agreement is necessary). Agreements must be reviewed by an attorney in the Legal Department prior to execution. In addition, if we agree to
hold another party’s information in confidence, we must not disclose that information without that party’s consent (usually written consent is necessary).

**Question:** I was at a meeting with a potential joint-venture partner and he asked me to sign a nondisclosure agreement in order to obtain a copy of his information package. Is it proper for me to sign such a document?

**Answer:** You must not sign any nondisclosure agreement unless you are authorized to do so under Company policy.

**Safeguarding Customer Privacy**

The Company provides services that reach deep into the personal and business lives of our members. Maintaining the privacy of our members is a serious responsibility. Therefore, we will use the information we receive about our members only for business purposes. We will maintain confidentiality by concealing the identity of specific member medical events on claim utilization reports distributed outside the Company. In cases where an outside party has a genuine need for such information, we will ask that he or she first sign an agreement to maintain the confidentiality of the information. In cases where the other party is determined to be a business associate, the Company requires a Business Associate Agreement to be signed, to comply with HIPAA regulations.

**Personal Relationships with Competitors or Suppliers**

At times, we may find ourselves in situations where family members or those with whom we have a personal relationship are working for competitors or suppliers of our Company. We must be careful to avoid situations where improper influence or the exchange of intellectual property or proprietary information may take place or be perceived by others to have taken place. To do so, we should immediately disclose the situation and discuss it with our manager. Managers will assess the situation and determine whether action is required. During this process, managers should:

- Determine the relationship of our Company to the other company or person.
- Consider the possible value of the employee’s knowledge and responsibilities to the other company.
- Determine the potential access each party has to proprietary information that would be of value to the other company.
- Determine if the relationship would cause any perceived conflict in purchasing decisions or contract negotiations.

All such relationships should be disclosed on the annual Conflict of Interest Disclosure Statement. When such relationships are disclosed, managers should document their findings and discuss the matter with the Compliance Officer, who is responsible for bringing the matter to the attention of the Audit Committee.
Question: I’m going to be selecting several outside consultants to help with a long-term systems project. A relative happens to be a computer consultant whom I consider to be highly qualified for the type of work I need. Can I hire her?

Answer: No. Although she may be qualified, your selection of her would create the appearance of a conflict of interest. Your relative is not precluded from consulting for the Company. However, she may never be supervised by you, nor can you be involved in any way in the selection process or the decision to hire her.

Contracting with Consultants, Representatives and Agents

When it is necessary to engage the services of an outside consultant, whether an individual or a firm, we must give special attention to avoiding conflicts of interest. Hiring consultants, representatives and agents must be done in accordance with the contract compliance policy.

Consultants, representatives and agents of the Company must act on our behalf in a manner consistent with our values, principles, policies and any applicable laws or regulations. Consultants, representatives and agents should be made aware of the applicable provisions of the Company's Code.

Dealing with Suppliers - Reciprocity

In many instances, the Company purchases goods and services from a supplier who also buys goods and services from us as a customer. This practice is normal and acceptable, but any form of pressure for reciprocity from or with that supplier/customer is not. Suppliers must not be asked to buy our products and services in order to become or continue to be a supplier to the Company, nor should they impose such a requirement on us. If you are solicited or have questions as to how to deal with outside suppliers, please consult with the Compliance Officer.


Interacting with Government

We will conduct our government business with the highest degree of integrity and honesty. All employees involved directly or indirectly with a federal contract such as Medicare Advantage, Medicare Prescription Drug Benefit (Part D), FEP or Medicare fee for service are expected to comply with all contract requirements as well as the internal policies and procedures developed to ensure compliance with the laws and regulations governing the contracts.

Maintaining Integrity

We must demonstrate the same integrity in dealing with government officials as we do with our customers, suppliers and stakeholders. We must maintain public trust at all times by ensuring that all of our government relations and activities are conducted in accordance with our values, principles, standards and all applicable laws.

Avoiding Impropriety as a Government Contractor

The laws, regulations and ethical standards that apply to business interactions with the various branches and levels of federal, state, and local government often differ from those that apply to our dealings with non-government customers and suppliers. Company employees who are involved in establishing and maintaining relationships with government officials are responsible for knowing and complying with the applicable laws, rules, regulations and official policies that apply to those activities. As always, we should establish working relationships based on integrity, mutual respect, trust and our ethical standards.

When dealing with government officials and employees, we must avoid even the appearance of impropriety. A large body of law has been developed to regulate conduct in the government contracting arena. While the details of these laws are complex, the principle behind them is simple: we must always avoid any activity that could be perceived as an attempt to improperly influence, obtain and/or reward favorable treatment in obtaining a contract or in administrative process associated with performing a government contract. Failure to do so may expose the government employee and our Company and its employees to fines and penalties. Examples of actions that might be viewed as the appearance of improper influence include:

- Offering or providing any payments, gifts, gratuities, favors, or preferential treatment to a government employee or any member of his or her immediate family.

  **Question:** Our Company is bidding on a state contract. We have had several meetings with state officials that have extended through the lunch hours. Is it okay to treat them to sandwiches in the building cafeteria?

  **Answer:** No. We should not do anything that may improperly influence, or appear to improperly influence the bidding process. Indeed, offering even a lunch may violate some state or federal laws. To avoid violation of the law, or even the appearance of a conflict, you each should pay your own way.
• Holding employment discussions with a government employee or his or her family member when the government employee has responsibility for a matter affecting the Company.

Guidelines for Representing the Company

Company employees represent the Company in government-related negotiations, investigations and other activities including any dealings with federal, state and local commissions, should follow these basic guidelines:

• Be aware of and have consideration for the public interest in all governmental dealings.

• Respect the goals, agenda, roles and opinions of government and regulatory officials, as well as the professional and political pressures under which they operate.

• Always provide accurate information that includes all facts needed to assure the information submitted is not misleading. If a misrepresentation, misstatement, misunderstanding, material omission or other mistake is discovered, we must take action to remedy the situation on a timely basis. We can avoid such misunderstandings by restating and confirming in writing areas of agreement reached with the government representative.

• Be familiar with the ground rules, whether codified or not, of all government interactions. We must recognize the differences in rules and procedures among the many different types of government relations.

• Understand that any Company information, even proprietary data, may, under certain circumstances, come under public scrutiny. When preparing documents, ensure that they are accurate so that there will not be any misunderstandings if they are ever publicly disseminated or involved in a government proceeding. If involved in a government proceeding, and we are legally required to provide information or it is in the Company’s best interest to do so, we should be direct and forthcoming with accurate information that includes all facts needed to assure the information submitted is not misleading. This includes responding to government requests for relevant data if we are legally required to respond to same or if it is in the Company’s best interests to do so. You must obtain approval from the Legal Department as to how to respond to these types of requests or inquiries.

• When testifying to a Company position in regulatory proceedings, only present facts and opinions that are consistent with our knowledge and understanding of positions that are, in fact, adopted by the Company.

Political Contributions and Lobbying Activities

Because the Company’s ability to participate in political activities is constrained by federal, state and local law, all organizational political activity must be approved by the Company’s Legal Department or Compliance Officer. Company employees are strictly prohibited from including political contributions on their expense reports and must not allow Company assets to be used for a political cause, candidate or campaign.
Employees, as individuals, may take an active interest in local, state and national government and participate in political activities consistent with applicable laws including making personal contributions in support of candidates or political organizations of their choice. However, such individual participation may not involve the use of Company funds, or otherwise violate the law, including claiming such contributions as expense reports or other reimbursement requests. Further, employees who speak out on public issues must not give the appearance of speaking or acting on the Company’s behalf, and make certain that any statements are personal and not Company sponsored.

**Question:** A Company employee has a cousin who is a state representative who is about to get married. Can the employee give the cousin a wedding gift?

**Answer:** Yes, so long as the gift is not related to any lobbying on the Company’s behalf, and is not paid for by the Company.

**Procurement Integrity Requirements**

For companies that are involved in federal procurement, the law states that no contractor shall obtain either government service selection or competitor bid on proposal information from any source. It is Company policy to comply with the law in this area. Consult the Legal Department or the Compliance Officer for the specific requirements in this area.

- Never solicit or obtain unauthorized government source selection information including competitive information, source selection criteria, and agency reports or studies of our competitors. This may include, but not be limited to, bid prices in response to a sealed bid, proposed costs or prices submitted in response to a solicitation other than for sealed bids, source selection plans, technical evaluation of proposals or plans, cost or price evaluations of proposals, competitive range determinations, rankings of bids/proposals of our competitors or reports and evaluations of source selection panels/boards or advisory councils.

- Never solicit or obtain competitor proprietary information.

Contractor bid or proposal information means any of the following information submitted to a Federal agency as part of or in connection with a bid or proposal to enter into a Federal agency procurement contract, if that information has not been previously made available to the public or disclosed publicly:

- Cost or pricing data
- Indirect costs and direct labor rates.
- Proprietary information about manufacturing processes, operations, or techniques marked by the contractor in accordance with applicable law or regulation.
- Information marked with a proprietary legend.
Employing Federal Government Personnel

There are very strict laws and regulations that govern recruiting and hiring current and former federal government personnel, including both military and civil service employees. These rules apply not only to persons the Company hires as employees, but to individuals the Company retains as consultants. Violation could result not only in sanctions against the former government employee, but the Company could be held criminally or civilly liable.

The prohibitions one generally thinks of when referring to the federal conflict-of-interest statutes, or “revolving door” requirements as they often are called, are those that restrict the work former government employees may perform once they leave government service and thereafter work for a government contractor. However, there are some laws that prohibit employment discussions with government personnel who have responsibility for a matter involving the Company unless the employee obtains permission from the agency. Even exchanging a resume can be considered employment discussions.

The rules in this area are many and complex. In all cases, it is necessary to conduct a thorough screening and review of the candidate’s current and prior federal government service before the Company holds employment discussions with the individual. Contact the Legal Department prior to discussing employment issues with a federal government official.

Unallowable Costs

Many costs are “unallowable” for reimbursement from the federal government. Such costs must be identified, appropriately accounted for, and excluded from proposals or requests for reimbursement. It is the Company’s policy that costs that are expressly unallowable, or for which no good-faith basis for allowability exists, will be identified and accounted for as unallowable costs. Reimbursement from the federal government will be requested only for those costs that are allowable in accordance with laws and regulations. Employees may be required to certify their belief that a proposal or cost submission does not contain any “unallowable” costs, and in particular, does not contain unallowable costs for advertising, public relations, donations, entertainment, fines and penalties, lobbying, defense of fraud proceedings, and goodwill.

Gifts, Gratuities, and Payments to Government Employees

State and federal laws regarding gifts, gratuities, and payments to government employees must be strictly observed. As a general rule, no payments of money, gifts, services, entertainment or anything of value may be offered or made available in any amount, directly or indirectly, to any state or federal government official or employee.

Consult the Compliance Officer or other Compliance personnel before offering anything to a government employee, even the most modest of items or refreshments.

Question: I work in government programs, and I’ve just gone through a very grueling audit. The results of the audit play a big role in whether our contract is renewed because we are in the midst of the procurement process as well. It was the good-natured and helpful attitude of one of the federal procurement
officials that helped me get through it! I know the official loves to sew, so I got a pair of sewing shears as a thank you for helping “cut through” the red tape during the audit. I would like to give them to the official over lunch – my treat! Any objections?

**Answer:** Federal law prohibits giving anything in value exceeding $20.00 to a federal employee. In dealing with government employees or representatives, it is important to take the time to make sure you know what the rules are. When in doubt, remember that, generally, gifts of any kind to a government employee are prohibited. Scissors and lunch are out, but you can always say thanks.

**Labor and Materials Charging**

Labor and materials costs must always be charged accurately and to the appropriate cost center or account, regardless of the financial status of the program, project or contract, or the budget status of a particular account or line item.

Labor charging records and all other business records must be complete and accurate. Falsification of time records or other records is strictly prohibited, will result in disciplinary action, and, under government contracts, may be a crime. Correction of time records can be accomplished only in accordance with established procedures and must be supported by appropriate documentation and approvals.

**Question:** I work with the Medicare B contract, but part of my time has been loaned to other areas. It takes too much time to break down my hours into several different cost centers. I think, for efficiency’s sake, I should just mark down all my time to government programs. It can’t be that big of a deal, can it?

**Answer:** Yes, it is a big deal. Failure to accurately charge labor and materials is likely a violation of law, or contract, or both. In addition, falsification of time records can result in the Company being excluded from federal programs. Accurate labor charging is also essential for planning, budgeting, and staffing.

**Preparation and Submission of Reports, Proposals and Budget Requests to the Federal Government**

Reports, proposals, budgets, and other records that the Company furnishes to the federal government contain important certifications and representations. For example, many of the Company’s proposals for contracts and budget requests require the submission and certification of cost data, or information relating to the Company’s anticipated costs. Other submissions involve performance data, such as timeliness and accuracy reports.

These certifications and representations impose on the Company significantly different disclosure and other legal obligations than exist in the private sector. Where the law requires disclosure, all employees who are involved in the preparation of a proposal to the government must ensure that all data is in accordance with government requirements.
It is the responsibility of all employees who prepare, sign, or in any way support the Company’s certifications and representations to ensure that these important documents be prepared carefully, accurately, and in accordance with the requirements of our Medicare, FEP, and other government contracts. If an employee falsifies data that is submitted to the government, even if there is no attempt to obtain payment for the Company, a crime may have been committed. Both the employee and the Company could be subject to criminal prosecution, penalties and fines. In addition, both the individual and the Company could be prohibited, through suspension and debarrment or exclusion, from receiving government contracts and grants in the future.

**Question:** Every month, and sometimes annually, I have to complete a certification for the government attesting to certain information. I don’t always have time to verify everything that I’m certifying to, but I have faith that things are running smoothly. This is just more government-generated paperwork that is meaningless anyway, right?

**Answer:** No. Businesses in the healthcare industry and who perform government contracts are experiencing increased federal and state government scrutiny. Ignorance and good intentions are no defense for inaccurate information on these certifications. A false certificate can lead to civil and criminal penalties for both you and the Company.

**Government Investigations**

We will cooperate with all government investigations and reasonable requests for information.

From time to time, the Company may be asked to cooperate with a government investigation, or to respond to a request for information from the government about how we conduct our business. The request may come through official channels from the government to Company management, or an employee could be contacted individually by a member of an enforcement agency, such as the Federal Bureau of Investigation, the Office of Inspector General, or the Department of Justice.

When the Company receives official requests for information or cooperation, it will notify employees of their responsibilities and duties in connection with providing such information and cooperation. If an employee is contacted individually by government investigators and is asked to meet to discuss activities in connection with employment by the Company, the Company requires that you immediately notify the Legal Department and inform them that you have been contacted. The decision of whether to cooperate with a government inquiry is a personal decision, and you will not be disciplined, punished, or otherwise retaliated against if you decide to do so. However, if you decide to speak with government investigators, you must be accurate and truthful in all your answers to their questions, because if you are not, both you and the Company could be subject to criminal prosecution.

Although Company employees are free to cooperate individually with government investigators, employees should not provide Company documents or data in response to a government request for information without first obtaining authorization from the Legal Department.
The Compliance Program: Putting the Code to Work

Introduction

The Company is committed to conducting its business with integrity and in accordance with all federal, state and local laws to which its business activities are subject. It is the longstanding policy of the Company to prevent the occurrence of unethical or unlawful behavior; to halt such behavior as soon as reasonably possible after its discovery; to discipline personnel who violate the Company’s policies including individuals responsible for the failure to report a suspected violation; and to implement any changes in policy and procedure necessary to prevent any recurrence of a violation. The Company has adopted the Code of Conduct and other related Compliance Program elements and policies including the Part D Compliance Plan to reflect these commitments (the “Compliance Program”).

The purpose of the Compliance Program is twofold. First, it provides a mechanism to enforce the Company’s Code of Conduct. Second, and perhaps the most important, the Compliance Program, coupled with the Code of Conduct and Company policies, sets an ethical standard for conducting business and creates a corporate culture that enhances the reputation of the Company.

Responsible corporations realize that prudence, economics, and common sense dictate the enactment of a Compliance Program. A Compliance Program is a mechanism created by an entity to educate its personnel, sensitize them to ethical and criminal misconduct, monitor for compliance with such expectations, audit for and investigate wrongdoing, and sanction violators.

The hallmark of an effective Compliance Program is “due diligence.” It is a program designed to promote due diligence in everything from the hiring of employees to the auditing of records. It is a mechanism to ensure that an entity diligently strives to prevent and detect misconduct and criminal activity. The commitment of the Company through a combined Code of Conduct and Compliance Program is to encourage ethical conduct and a corporate culture to achieve this due diligence standard.

The Compliance Program includes education, training, detection, investigation, reporting and methods to take action. The Compliance Program also requires that agents acting for or on behalf of the Company also enact and/or comply with the Company’s Compliance Program.

The Company utilizes a variety of tools to implement the Compliance Program such as education, employee performance evaluations, a confidential disclosure process and internal and external audits. The Company monitors this program to verify compliance with its published standards.

The Company requires all personnel to internally report all potential non-compliance with the Code of Conduct Compliance Program. The confidential disclosure process provides a variety of means to report such non-compliance. No individual’s position or influence is considered to be more important than the goal of institutional integrity. Those who make a good faith report of suspected wrongdoing will be protected from retaliation.
Compliance Program Monitoring Responsibilities

Policy on the Powers and Fiduciary Duties of Directors and Officers

1. The Board of Directors makes fundamental policy decisions on behalf of the Company as expressed through the adoption of resolutions. The day-to-day affairs and management of the Company are the responsibility of the officers and senior management, and by delegation to other employees.

2. The Board of Directors of the Company has at least five primary functions:

   i. The selection of the President and Chief Executive Officer and the determination of his or her compensation. In addition, the Board oversees the selection of officers and other senior management employees and the determination of their compensation;

   ii. Review and approval of the Company’s business objectives, major strategies and policies, and plans for the Company;

   iii. To provide advice and counsel to senior management;

   iv. To select and recommend candidates for the Board of Directors as necessary and evaluate Board processes and performance; and

   v. Review the adequacy of the Company’s internal controls to ensure compliance with applicable laws and regulations and monitor the indicators of compliance with those laws and regulations.

3. The Board will perform its duties with the knowledge that its conduct serves as the example for the ethical tone of the Company, its officers, employees and agents.

4. The Board members, when making business decisions, must:

   • act in accordance with their fiduciary obligations and on an informed basis.

   • use their corporate positions solely for the benefit of the Company and not for personal profit, gain or other personal advantage, and must recuse themselves from voting or participating in deliberations on matters in which a potential conflict of interest may arise.

5. To effect full disclosure of all potential or actual conflicts of interest, members of the Board shall complete a conflict of interest questionnaire on a yearly basis. All questions must be answered fully and accurately, and members of the Board must certify as to the accuracy of the information given.
6. The Board recognizes and accepts its fiduciary obligation to fully inform itself of all relevant facts and information on a particular matter prior to making a decision as a Board. The Board is entitled to rely on information, opinions, reports or statements, and other data, prepared or presented by legal counsel, officers or employees of the Company, public accountants, or other persons who are reasonably believed to be competent to prepare or present those matters to the Board.

7. It is the duty of the Board to review with management and approve, on a periodic basis, business goals, objectives, and strategies for the Company and regularly monitor the business performance of the Company against those goals, strategies and objectives.

8. One of the critical roles of the Board is to establish committees to perform certain oversight functions. The Board has established, through its bylaws, appropriate Standing Committees to perform these oversight functions: Audit, Compensation and Succession Planning, Executive, Finance, Investments, Nominating and Governance, and Quality Improvement. The Board has established and will maintain specified Roles and Responsibilities of each committee, which define the responsibilities, and duties of each of the established committees. The committee Roles and Responsibilities are incorporated herein, by reference. It is the responsibility of each such committee to report its recommendations, activities, and work product to the full Board on a regular and continuing basis. The functions of the Audit, Nominating and Governance, and the Executive Committee, as it relates to compensation, shall be performed exclusively by outside directors.

9. The Board, acting through the Audit Committee, will monitor adherence to the Company’s Code of Conduct and Compliance Program by:

   a) Ensuring that the Company adopts a Code of Conduct and Compliance Program for distribution to employees, officers and directors which explains the Company's expectations regarding the business conduct of Company personnel and the contents and goals of the business conduct standards contained in the Code of Conduct and Compliance Program;

   b) Ensuring that the Company has implemented appropriate programs to ensure that each director, officer, and employee of the Company (i) understands the content and goals of the Code of Conduct and Compliance Program; (ii) is aware of the procedures for reporting violations; (iii) understands applicable laws, rules and regulations; and (iv) understands the importance of prompt disclosure so that potential violations may be promptly reported to appropriate authorities; and,

   c) Making recommendations, where appropriate, to (i) provide policies and procedures for fair and expeditious investigation of any reported compliance violation or of any reported violation of federal/state laws, rules or regulations; (ii) establish procedures for receiving, hearing, and resolving violations; (iii) establish procedures to receive suggestions from directors, officers, and employees for updating the Code of Conduct and Compliance Program to ensure that they are effective.
10. The officers of the Company also have the fiduciary responsibility to act on behalf of the Company and not to act in their individual interests. The management of the Company will be conducted by and under the supervision of senior officers as designated by the President and CEO and approved by the Board of Directors. The management function is vested in the President and CEO.

11. In performing the management function, the officers are obligated to act in a manner consistent with the standards established by the Company, to execute specific plans, policies, or directions of the Board, and to work with and on behalf of the Board to ensure every director, officer, and employee complies with the Code of Conduct and Compliance Program.

**Compliance Officer**

The President and CEO shall appoint a Compliance Officer who will report directly to the President and Chief Executive Officer. The Compliance Officer will appoint Assistant Compliance Officers and other Compliance personnel as appropriate.

The duties of the Compliance Officer include but are not limited to the following:

1. Oversee and monitor the implementation and effectiveness of the Compliance Program.

2. Review and keep current with applicable laws, regulations and standard operating procedures relevant to the Code and periodically review the Code to respond to new developments.

3. Maintain records related to the Compliance Program.

4. Help ensure that Compliance Program materials are regularly updated to respond to changes in the law and industry and to respond to new developments.

5. Report to the President and CEO, the Audit Committee of the Board of Directors and, if necessary, the Board of Directors on the implementation and enforcement of the Compliance Program and on periodic updates to the Compliance Program.

6. Develop policies and programs to encourage employees to report suspected illegal and unethical conduct without fear of retaliation.

7. Prepare required reports for submission to governmental agencies. If necessary, advice and approval from the General Counsel should be obtained.

8. Ensure that third-party vendors who perform services for or on behalf of the Company and vendors who conduct significant business with the Company are aware of the existence of the Compliance Program.

9. Conduct periodic audits for compliance with laws, regulations and Company policies and procedures and recommend corrective actions for identified problems.
10. Ensure there are policies and procedures in place to enable the Company to screen employees for the propensity to engage in illegal activities or unethical conduct, including verification of employment applications; review of public records and background checks. This also
includes ensuring that employees engaged in federal government business do not appear on the Health and Human Services List of Excluded Individuals/Entities and the General Services Administration ("GSA") List of Parties Excluded From Federal Procurement and Non-Procurement Programs.

11. Conduct risk assessments to identify areas where the Company may be vulnerable to unlawful and/or unethical conduct and determine the likelihood that certain types of unlawful and/or unethical conduct may occur.

12. Receive periodic reports from the Part D Compliance Officer on the status of the Company’s Part D compliance program implementation, the identification and resolution of potential or actual instances of noncompliance, and the Company’s Part D oversight and audit activities.

The designation of a Compliance Officer in no way diminishes or eliminates the responsibility of Company personnel to comply with all Company policies and procedures, nor does it diminish every manager’s responsibility to ensure that those personnel for which he or she has responsibility comply with the Code, the Compliance Program and related policies.

In addition to these responsibilities, the Compliance Officer is responsible for duties that ensure the overall effectiveness of the program. In executing these duties, the Compliance Officer must perform a wide variety of tasks to implement the Compliance Program.

**The Compliance Committee**

The Compliance Committee shall also be appointed by the President and CEO. The Compliance Officer, or his or her designee, shall serve as the Chairperson of the Compliance Committee. The Compliance Committee will meet periodically, or as required by any Corporate Compliance Agreements with any governmental agency, and will assist the Compliance Officer in the administration and implementation of the Compliance Program.

**Dissemination of Information**

A critical aspect of a Compliance Program is the effective communication of the Code, Compliance Program and related policies to all personnel. The Compliance Officer is responsible for establishing procedures to ensure that every employee is familiar with the Code of Conduct and Compliance Program and endeavors to abide by them. These procedures include the following:

a. Each newly hired employee will be given a copy of the Code of Conduct and Compliance Program and other policies relevant to his/her employment. The new employee must sign an acknowledgment stating that the employee has read and understands these policies and agrees to abide by them. If such newly hired employees have questions, they should contact their manager or the Compliance Officer.

b. Each employee is responsible for acknowledging his or her understanding of the Code, the Compliance Program and related policies on an annual basis through the annual performance evaluation process.
c. Each manager is responsible for confirming the acknowledgment of each employee under his/her supervision as indicated on the annual performance evaluation form.

d. The Compliance Officer is responsible for ensuring that employee acknowledgments are retained by the Company.

**Reporting Violations**

The Company is committed to the policy that all personnel have an obligation to report any actual, potential or suspected violation of the Code or Compliance Program to their manager, any Compliance personnel (e.g., Assistant Compliance Officer) or the Compliance Officer. All managers must report any potential violation to the Compliance Officer. *An employee or manager who fails to report an actual, potential or suspected violation is subject to disciplinary action.* Reporting personnel may not be subject to any retaliation or retribution for a good-faith report of a suspected violation of the Code or Compliance Program.

The Company also has established a confidential hotline for anonymous reporting of violations.

The Company is committed to establishing an environment that encourages and allows personnel to seek and receive prompt guidance to avoid engaging in conduct that may violate the Code or any local, state or federal law, rule or regulation.

To achieve these objectives, the Compliance Officer is responsible for ensuring that the following practices and procedures are implemented:

a. Employees may consult their manager, Compliance personnel or the Compliance Officer about any questions regarding the Code or the Compliance Program.

b. Employees may report to their managers any violation or suspected violation of the Code or related policy. Managers who receive such reports from employees should immediately report the information to the Compliance Officer or other Compliance personnel. Alternatively, where appropriate, employees can report violations or suspected violations directly to the Compliance Officer or Assistant Compliance Officers. Personnel will not be subject to retaliation for a good-faith report of a suspected violation of the Code or the Compliance Program. If any retaliatory action is suspected, the Compliance Officer should be contacted immediately. Any employee who is found to retaliate against another employee for making a good faith report of an actual or suspected violation of the Code or the Compliance Program will be considered to have violated the Code and subject to disciplinary action.

c. The Compliance Officer is responsible for a periodic review of all reports received of suspected violations of the Code or the Compliance Program. The Compliance Officer will investigate reported violations of the Code or the Compliance Program.
d. The Company has established a confidential compliance “hotline” that is available to all employees. The hotline number is 1-800-798-1453. Employees who call the hotline can do so anonymously, if they choose, and without fear of retaliation for good-faith reports. The Compliance Officer will investigate all calls to the hotline where a violation or suspected violation of the Code is reported.

e. All reasonable measures will be taken to protect the confidentiality and anonymity of the individual reporting a potential compliance violation. It may be necessary, in certain circumstances such as a report to law enforcement authorities, to supply the name of the individual making the report, when this information is known.

**Disciplinary Actions**

The Company should promptly and properly document all reasons for disciplinary actions taken against its personnel for violations of the Code or the Compliance Program and related policies and procedures. The Compliance Officer is responsible for ensuring that such documentation is included in the individual’s personnel file.

In determining the appropriate disciplinary action to impose for a violation of the Code or Compliance Program, or related policies and procedures, the Compliance Officer, in conjunction with members of senior management, may take into account the following factors:

a. The nature of the violation and the ramifications of the violation to the Company, its subscribers and the impact on public programs and funds including the Medicare Trust Fund;

b. Whether the individual was directly or indirectly involved in the violation;

c. Whether the violation was willful or unintentional;

d. Whether the violation represented an isolated occurrence or a pattern of conduct;

e. Whether the individual in question reported the violation;

f. Whether the individual withheld relevant or material information concerning the violation;

g. The degree to which the individual cooperated with the investigation;

h. If the violation consisted of the failure to supervise another individual who violated the Code or Compliance Program, or related policies and procedures, and the extent to which the circumstances reflect complicity, negligence, or inadequate supervision or lack of due diligence;

i. If the violation consisted of retaliation against another individual for reporting a violation or cooperating with an investigation and the nature of such retaliation;

j. Disciplinary action previously imposed by the Company for similar violations; and
k. The individual’s past violations.

l. Disciplinary action for violation of the Code of Conduct or Compliance Program that may be taken include, but are not limited to, verbal warnings, written warnings, suspensions or termination.

m. Employees who supervise an individual being disciplined may also be subject to disciplinary action if there is a finding of complicity or negligence. This decision will be made by the Compliance Officer and will follow the same guidelines stated above.

Dissemination of Information to Others —Agents of the Company

The Company shall disseminate its Code of Conduct and Compliance Program to each of its subsidiaries and agents who work for or on behalf of the Company. Each subsidiary shall adopt the Company’s Code of Conduct and Compliance Program or institute its own. Each agent who acts for or on behalf of the Company shall also be advised that they are responsible for complying with the Company’s Code of Conduct and Compliance Program. Likewise, all significant vendors shall be advised of the Company’s Code of Conduct and the Compliance Program and shall be encouraged to comply with these policies.

Investigations of Violations

All personnel are expected to cooperate with investigations of any alleged violation of the Code, the Compliance Program or state or federal law. It is imperative, however, that even a preliminary investigation of any suspected violation not be conducted without consulting with the Compliance Officer and, if necessary, seeking the assistance and guidance of counsel.

If suspected unlawful or unethical conduct is detected, the Company’s General Counsel should be notified, unless the General Counsel is the subject of the investigation. The Legal Department, in conjunction with the Compliance Officer, will promptly investigate, or cause to be promptly investigated, the possible occurrence of the unlawful conduct.

If unlawful or unethical conduct is detected and is continuing, all efforts will be made to stop that conduct immediately.

All inquiries about suspected unlawful or unethical conduct from governmental authorities, or complaints from third parties, must be reported immediately to the Company’s Legal Department and the Compliance Officer.

To the extent it is reasonable and practicable, the Company will fully cooperate with appropriate federal, state and local authorities investigating a criminal offense. The Legal Department will ensure that documents and other items and/or information that may be regarded as helpful in an investigation are preserved. Any attempt to conceal an offense or to alter or destroy evidence related to suspected unlawful or unethical conduct will be considered a violation of the Code.
Important Contacts

Compliance Hotline
1-800-798-1453

Compliance Staff

Kenneth J. Sodaro, Esq.
Compliance Officer
716-887-8622

Jenene Williams
Director, Compliance
Prescription Drug Benefit (Part D) Compliance Officer
716-887-8624

Stephanie Moll
Assistant Compliance Officer
Albany Office
518-220-5829
HealthNow Systems, Inc.
HealthNow New York Inc.

Code of Conduct and Compliance Program
Acknowledgment Form

Check the appropriate box that describes your relationship with HealthNow.

☐ Employee
☐ Temporary Worker
☐ Consultant
☐ Independent Contractor
☐ Subcontractor
☐ Agent

By signing my name below, I acknowledge that I have received and read the Code of Conduct and Compliance Program booklet and the Medicare Prescription Drug Benefit (Part D) Fraud, Waste and Abuse Compliance Plan, a supplement to the HealthNow Code of Conduct and Compliance Program. I understand that they are applicable to me, and that I agree to abide by the Code and Compliance Program and Medicare Part D Compliance Plan. In addition, I understand that strict adherence to the Code and Compliance Program and Medicare Part D Compliance Plan is a condition of the continuation of my relationship with the Company, as identified above, and that the Company may take disciplinary or other action, up to and including termination of my relationship to the Company for violations of the Code and Compliance Program, the Medicare Part D Compliance Plan, applicable laws or regulations, or basic tenets of business honesty and integrity.

I am in compliance with the standards set forth in the Code and Compliance Program, the Medicare Part D Compliance Plan and other Company policies, and I will continue to follow them in the future. Finally, I certify that I am not aware of any conduct that would constitute an actual or suspected violation of the Code and Compliance Program, the Medicare Part D Compliance Plan or other Company policies.

_________________________  __________________________________
Date                 Signature

_________________________  __________________________________
Primary Location                             Print Name
of Business Relationship

cc: Human Resources or Business Agreement File
    Compliance Office
Medicare Part D Fraud, Waste and Abuse Compliance Plan, a supplement to the Code of Conduct & Compliance Program

do THE RIGHT THING!
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Introduction

The HealthNow Code of Conduct and Compliance Program (the Code) applies to all employees of HealthNow including those individuals who have responsibilities related to the Company’s Medicare Prescription Drug Benefit (Part D) operations. This Medicare Prescription Drug Benefit (Part D) Compliance Plan (the Compliance Plan) also applies to all employees, officers, and Directors who have responsibilities related to the Company’s Part D operations and Part D compliance.
Written Policies and Procedures and Standards of Conduct

The Company shall comply with all applicable Federal and state statutory, regulatory and other requirements related to the Medicare program. The Company requires employees to comply with its written policies, procedures and standards of conduct that have been developed to comply with all Federal and state statutory, regulatory and other requirements related to the Medicare program, and to respond to day-to-day risks to help detect, prevent and control fraud, waste and abuse. The Company will update its written policies, procedures and standards of conduct as necessary to incorporate any changes in applicable laws, regulations, other requirements, and as the circumstances require.

The Company will provide the Code and Compliance Plan to employees at the time of hire. The Code and Compliance Plan, including any updates to the same, will be continuously available to employees through internal communication tools, including the Company intranet. Employees will be required to certify that they have received, read and will comply with the Code and Compliance Plan. The Company expects the first tier entity operating as its pharmacy benefits manager (PBM) to follow the PBM’s own code of conduct that reflects a commitment to detecting, and preventing fraud, waste and abuse in the delivery of Part D benefits. The Company will review the written policies and procedures, codes of conduct or business ethics of its first tier, downstream and related entities to ensure that these entities have developed the policies and procedures related to their contracted function. The Company will make the Code and Compliance Plan available to first tier, downstream and related entities.

Part D Compliance Officer

The Part D Compliance Officer is responsible for developing, operating and monitoring the Compliance Plan. The Part D Compliance Officer will report directly to the Company’s Compliance Officer and will have access to the President and CEO and the Board of Directors.

The duties of the Part D Compliance Officer include but are not limited to the following:

1. Reporting, at least on a quarterly basis, or more frequently as necessary, to the Company’s Compliance Officer, Part D Compliance Committee and Corporate Compliance Committee, on the status of the Company’s Compliance Plan implementation, the identification and resolution of potential and actual instances of non-compliance, and the Company’s oversight, monitoring and audit activities.

2. Developing and monitoring the implementation and compliance with Part D related policies and procedures, in conjunction with the Internal Audit Department.

3. Briefing the Compliance Officer, Part D Compliance Committee, the Corporate Compliance Committee and Board of Directors on the status of compliance training.

4. Developing and implementing methods and programs, including a confidential disclosure program, that encourage managers and employees to report suspected fraud and other misconduct without fear of retaliation.
5. Maintaining the compliance reporting mechanism and closely coordinating investigations and recommended corrective action plans with the Legal, Internal Audit, Human Resources, and Corporate Information Systems departments and Company management, where applicable.

6. Identifying, developing and implementing training programs to ensure that Company officers, directors, managers, employees and other individuals working on the Part D program are knowledgeable of the Company’s Compliance Plan, the Code, policies and procedures; and the applicable statutory, regulatory, and other requirements.

7. Reviewing the training programs of first tier, downstream and related entities to which the compliance functions are delegated.

8. Coordinating with appropriate departments to ensure that the Health and Human Services List of Excluded Individuals/Entities and the GSA List of Parties Excluded From Federal Procurement and Non-Procurement Programs have been checked with respect to all employees, officers, directors, managers as well as first tier entities, downstream entities and related entities to ensure that they are not included on such lists, and immediately removing any excluded individual or entity from responsibility for the Part D program including, but not limited to, terminating a contractual or other relationship with such individual or entity.

9. Overseeing any voluntary self-reporting by Company of potential fraud or misconduct to a MEDIC or government agency.

10. Maintaining documentation for each report of potential fraud, waste or abuse received through any of the reporting methods which describes the initial report of noncompliance, the investigation, the results of the investigation, and all corrective and/or disciplinary action(s) taken as a result of the investigation.

The Part D Compliance Officer will be an employee of the Company. The functions of the Part D Compliance Officer will not be delegated to an outside entity.

**Part D Compliance Committee**

The Company has established a Part D Compliance Committee that is overseen by the Part D Compliance Officer. The Part D Compliance Officer, or his or her designee, shall serve as the Chairperson of the Part D Compliance Committee. The Part D Compliance Committee will meet at least quarterly, and it will assist the Compliance Officer and the Part D Compliance Officer in the administration and implementation of the Compliance Plan.

The Part D Compliance Committee shall have the following responsibilities:

1. Advise the Part D Compliance Officer and assist in the implementation of the Part D Compliance Plan.

2. Develop strategies to promote compliance and the detection of any potential violations.
3. Ensure that training and education tools are adequate and are appropriately completed.

4. Ensure the Company has appropriate, up-to-date compliance policies and procedures.

5. Report at least annually on the status of the Company’s compliance efforts to the Board of Directors, with recommendations where appropriate.

The Part D Compliance Committees will include members of management, key operational areas such as Legal, Actuarial, Internal Audit, Finance and Claims, as well as other individuals with other appropriate backgrounds, such as pharmacists, as deemed appropriate by the Company. The functions of the Part D Compliance Committee will not be delegated to an outside entity.

Training and Education

The Company will provide ongoing training of employees responsible for any aspect of the administration and operation of the Part D program. The Company’s Part D Compliance Officer is responsible for overseeing and coordinating training, education, communications and promotion of the Part D Compliance Plan. Various methods, including the Company intranet, periodic articles, and training sessions, will be utilized to ensure that the employees, management, officers, directors and business partners are made aware of and receive continuous communication regarding the Code and Compliance Plan and other efforts by the Company to detect and prevent fraud, waste and abuse.

Supervisory staff will receive training to respond appropriately to compliance inquiries and reports of potential non-compliance. Compliance policies, which will be posted on the Company intranet, will provide information and guidance regarding the Company’s confidential disclosure program including the program’s non-retaliation requirement.

Annual training will include a description of the Compliance Plan, the Company’s commitment to business ethics, compliance with all statutory, regulatory, and Medicare program requirements, a review of key compliance policies and procedures, and how to report potential non-compliance.

Upon hire, transfer and when requirements change, employees will receive specialized training related to their function or department such as marketing, bid and other submissions to CMS, and calculating TrOOP. Specialized training will also be utilized to correct actual or suspected instances of non-compliance.

The Company will monitor any first tier, downstream and related entities entities to ensure the implementation of general and specialized compliance training. The Company will review the training plans of its first tier, downstream and related entities to ensure that these entities have developed the training materials and implementation plans related to their contracted function. When appropriate, the Company will invite relevant employees of its first tier, downstream and related entities to participate in the Company’s training and will encourage relevant Company employees to participate when invited in the training offered by the first tier, downstream and related entities.
Effective Lines of Communication

The Company is committed to the timely identification and resolution of all issues that may adversely affect employees, enrollees, the Company or regulatory agencies such as CMS. The Company requires that all personnel report any actual, potential or suspected violation of the Code or Compliance Plan. Reporting may be to their manager, or any Compliance personnel including the Compliance Officer or the Part D Compliance Officer. Any employee or manager who fails to report an actual, potential or suspected violation will be subject to disciplinary action. Reporting personnel will not be subject to any retaliation or retribution for a good-faith report of a suspected violation.

The Company has also established a telephone hotline (800-798-1453) which is available 24 hours a day, seven days a week, for reporting of problems, concerns, fraud, waste and abuse. The hotline is intended to serve as an avenue for employees, first tier entities, downstream entities, related entities, agents, directors and others to report suspected illegal, improper or unethical conduct. The hotline allows for the anonymous reporting mechanism for those who may be uncomfortable reporting concerns directly to a supervisor or to the Compliance Officer or the Part D Compliance Officer. The Company will maintain the confidentiality and identity of the reporting party, to the extent possible.

The Company is committed to using other methods to allow employees to report suspected violations and potential fraud, waste and abuse. Specifically, the Company will capture information about concerns and potential risks through employee exit interviews and exit interview surveys, emails, suggestion boxes and meetings.

The Part D Compliance Officer is responsible for maintaining a record of reports, investigating any allegations or misconduct related to Part D program, and taking appropriate corrective action.

The Company will maintain procedures for timely hearing and resolving grievances from enrollees in accordance with 42 C.F.R. Subpart M and other applicable CMS requirements.

Enforcement of Standards

The Company enforces its compliance standards through well-publicized disciplinary guidelines. These guidelines are set forth in the Code.
Monitoring and Auditing

The Company has a strong commitment to monitoring and auditing all aspects of the Medicare Part D program. To the extent that the Company will delegate any compliance functions, the Company will comprehensively monitor and audit the performance of those functions by the entity to whom they have been delegated. The Company will take immediate action to correct any identified deficiencies including, but not limited to, revocation of the delegated function.

The Company

The Company will rely on its Internal Audit Department for ensuring proper internal controls are in place to address key risks. The Internal Audit Department will maintain its independence through its reporting relationship to the Audit Committee.

The Internal Audit Department will perform a yearly risk assessment using the risk areas referenced in CMS’ Prescription Drug Benefit Manual, Chapter 9, Part D Program to Control Fraud, Waste and Abuse. This risk assessment will identify the areas of risk within the Company and will be the key driver in the development of the annual monitoring and audit plan. The Part D Compliance Officer will consult with the Compliance Officer and the Internal Audit Department to make recommendations regarding key risk areas that should be subject to monitoring and audit. Each year, the Internal Audit Department will develop a Master Work Plan to address the risks identified in the risk assessment.

Audits specifically related to Medicare Part D include first tier, downstream and related entity compliance audits, formulary receivable reviews and claim payment reviews. The Company’s first tier, downstream and related entities will be subject to audits on a routine and random basis. The Master Work Plan will detail the identity of the first tier, downstream and related entities to be monitored and/or audited and the topics and schedules for monitoring and audit. The Company expects all first tier, downstream and related entities to cooperate with any requests related to such audits, including requests for on-site visits and interviews. The Company will also require regular results and copies of reports from any monitoring or audit process established by the first tier, downstream and related entities that is relevant to the Company’s Part D business or enrollees. The Company may require first tier, downstream and related entities to conduct certain targeted audits relevant to the Company’s Part D business or enrollees, as appropriate.

At the conclusion of audits, and as appropriate with respect to ongoing monitoring activities, reports will be issued to the Audit Committee of the Board of Directors and key members of management, including the Part D Compliance Officer. Internal Audit will assist the Part D Compliance Officer to ensure corrective action plans are implemented with the goal to remediate any findings identified in the reports.

The PBM

The first tier entity acting as the PBM has agreed to maintain adequate internal audit and investigation capacity to conduct any delegated or inherent compliance functions. The PBM is required to report immediately any instances of suspected fraud, waste or abuse that it identifies...
in its own operations, in Company’s operations, or in the operations of any downstream or related entity to the Part D Compliance Officer for follow up actions. The Company requires regular audit results and copies of audit reports from the PBM that are relevant to the Company’s Part D business or enrollees. The Company may require the PBM to conduct certain targeted audits relevant to the Company’s Part D business or enrollees, as appropriate.

**Auditing by Federal Government**

The Company will allow access to auditors acting on behalf of CMS or its designee in accordance with the requirements of Company’s Part D contract. The Company acknowledges that the right of the Department of Health and Human Services, the Comptroller General, or their designee to inspect, evaluate, and audit extends through 10 years from the end of the final contract period or completion of audit, whichever is later, unless (i) CMS determines there is a special need to retain a particular record or group of records for a longer period and notifies the Company at least 30 days before the normal disposition date; (ii) there has been a termination, dispute, or alleged fraud or similar fault by the Company, in which case the retention may be extended to 6 years from the date of any resulting final resolution of the termination, dispute, fraud, or similar fault; or (iii) CMS determines there is a reasonable possibility of fraud or similar fault, in which case CMS may inspect, evaluate, and audit the Company at any time.

The Compliance Officer is responsible for responding to and coordinating Company’s compliance with requests by CMS, the Comptroller General, or their designee to inspect records or facilities.

The Company’s contracts with first-tier entities as well as contracts with downstream entities will incorporate the foregoing rights of CMS.
Prompt Responses to Detected Offenses and Corrective Action Plans

In accordance with its Code of Conduct, the Company will conduct timely and thorough investigations of all suspected or detected fraudulent or abusive activities, resolve such activities, and report such activities to the appropriate regulatory agency(s) as required. The Part D Compliance Officer is responsible for investigating any allegations or misconduct related to Company’s Medicare Part D operations and taking corrective action. The Part D Compliance Officer will collaborate with appropriate departments, including Internal Audit, Special Investigations Unit, Legal and Pharmacy, to investigate the potential misconduct. The Part D Compliance Officer will enlist the services of an independent third party to assist or conduct such investigation as appropriate. The Part D Compliance Officer will maintain documentation for each report of potential fraud, waste, or abuse received through any of the reporting methods (hotline, mail, or in-person) which summarizes the initial report of noncompliance, the investigation, the results of the investigation, and corrective and/or disciplinary action(s) taken as a result of the investigation.

Corrective action may include appropriate disciplinary action against employees, termination of contracts with a first tier or downstream entities, or voluntary self-reporting.

Comprehensive Fraud, Waste and Abuse Plans

The Company has a strong commitment to detect, correct and prevent fraud, waste and abuse and any activity negatively impacting public programs and public funds, including the Medicare Trust Fund. As reflected in the above sections of this Compliance Plan, the Company will undertake numerous initiatives designed to actively detect, correct and prevent fraud, waste and abuse.

These initiatives include, but are not limited to, the following:

- The Company requires employees to comply with written policies and procedures that the Company continuously updates to respond to day-to-day risks of fraud, waste and abuse. The Company also requires employees to certify they have read written policies and procedures relevant to their job functions at the time of employment, and the written policies and procedures will be continuously available on the Company’s intranet.

- The Company will provide ongoing general and specialized training of employees and others responsible for any aspect of the administration and operation of the Part D program, including training related to efforts by the Company to detect and prevent fraud, waste and abuse.

- The Company requires that all personnel report any actual, potential or suspected violations of the Code, Compliance Plan or fraud, waste and abuse to their manager or any Compliance personnel, including the Part D Compliance Officer.
• The Company will, with oversight by the Part D Compliance Officer, maintain methods and programs, including a hotline permitting anonymous reporting, that encourages managers and employees to report suspected fraud and other misconduct without fear of retaliation.

• The Company will maintain comprehensive procedures for investigating reported potential fraud, waste and abuse, that include the initiation of an investigation as soon as possible upon the report.

• The Company recognizes the importance of voluntarily self-reporting potential fraud or misconduct related to the Part D Program to the appropriate government authority.

• The Company, through the appropriate internal departments, will conduct Part D-related audits, as detailed in its annual Master Work Plan. In addition, the first tier entity serving as the Company’s PBM will conduct audits and investigations related to the Company’s Part D business.

• The Company requires management to implement corrective action plans to remediate any findings from audits related to the Company’s Part D business.

• The Company will conduct monitoring and audits of first tier, downstream and related entities to detect any fraud, waste and abuse related to the Company’s Part D business. The Company will also require regular results and copies of reports from any audit process established by the first tier, downstream and related entities that is relevant to the Company’s Part D business or enrollees.

• The Company will impose disciplinary action against personnel, as appropriate, if it is determined they are involved in fraudulent, wasteful and abusive activities or failed to report an actual, potential or suspected violation.