2017 Code of Business Conduct and Compliance & Ethics Program
Content

A Message from the CEO and Chair ........................................ 1
HMSA’s Vision and Mission ................................................. 3
What is HMSA’s Code of Business Conduct? ....................... 4
Conflict of Interest ................................................................ 7
Gifts and Entertainment ....................................................... 10
Protecting Information and Assets ...................................... 14
Government Contracts ......................................................... 18
Protecting You at Work ....................................................... 22
A Message from the Compliance and Ethics Officer ............... 24
HMSA Compliance & Ethics Program Policy ....................... 26
  The Purpose ..................................................................... 26
  The Program ................................................................... 26
  Reporting System .......................................................... 29
  Disciplinary Actions ....................................................... 30
  Performance Evaluations ................................................ 31
  Compliance Program Effectiveness .................................... 31
Aloha,

HMSA has a special relationship with the people of Hawaii. It’s a relationship that’s based on values that form the foundation of our company – honesty, courage, service, and collaboration. Those values are the core of ethical business conduct. Whether we’re working with members, providers, employer groups, the government, or the community, we must act in the best interest of those we serve.

Our Māhie 2020 vision reimagines how HMSA can advance the health and well-being of Hawaii. Māhie refers to a transformation and the ability to adapt to change. This vision challenges us to think differently, offer new solutions to old problems, and to be comfortable with change.

Our values, however, will never change.

This Code of Business Conduct is a guide for conducting business on behalf of HMSA. It also helps us recognize and respond appropriately to ethical issues. Please read it and feel free to ask questions, because we want to make sure that you understand it.

Your commitment to ethical business conduct will keep us on the path toward Māhie 2020. Thank you for all that you do for HMSA and for the people of Hawaii.

Mahalo,

Michael A. Gold
HMSA Chief Executive Officer

Robert S. Harrison
Chair
HMSA’s Board of Directors
HMSA’s Vision and Mission

Vision

Our vision of a healthier Hawaii is a sustainable health care system where all HMSA members are at the center of, in control of, and responsible for their own well-being. We will accomplish this through unrelenting innovation, unprecedented partnerships, and uncompromising consumer focus.

Mission

Our mission is to provide the people of Hawaii access to a sustainable, quality health care system that improves the overall health and well-being of our state.
What is HMSA’s Code of Business Conduct?

It’s an Expression of Commitment

HMSA is committed to partnering with our members, employer groups, providers, vendors, community and the government to build a sustainable health care system. As we work to create this system, it’s vital that we conduct our business with integrity and in compliance with all laws and regulations.

Everyone who works for or with HMSA must be committed to honesty, integrity, and ethical business conduct. This includes employees, temporary agency hires, contractors, vendors, partners, Board members, and others working for HMSA in any capacity.

To uphold this commitment, Compliance & Ethics (C&E) investigates and addresses compliance issues promptly and fairly.

It’s Our Responsibility to Speak Up

It’s important to speak up, ask questions, or raise issues in your daily activities if you think there are compliance or ethical violations. HMSA’s reputation as an ethical company depends on you. We all share the responsibility to:

• Comply with laws and regulations that apply to our business.
• Report possible compliance and ethical issues promptly, completely, and fairly.
• Work with integrity and honesty in the best interests of our members and our community.

HMSA’s Commitment to Non-retaliation

To make sure you’re comfortable communicating any concerns, issues or inquiries related to compliance and ethics, HMSA prohibits intimidation or retaliation against any person who:

• Reports an actual or suspected non-compliance issue in good faith, including reporting to appropriate officials.
• Participates in an investigation of an actual or suspected non-compliance issue.
• Conducts self-evaluations, audits, and remedial actions.
• Reports to appropriate officials.

It’s a Guide to Doing the Right Thing

Since 1938, we’ve earned our community’s trust by working in their best interests and following the laws and regulations, and doing the right thing.

To maintain our community’s trust, we will:

• Comply with all applicable laws and regulations.
• Make decisions that are based on the best interests of our members and our community, not personal gain.
• Proceed with actions that feel right.
• Uphold HMSA’s credibility and integrity in the community.
Your confidentiality and anonymity will be safeguarded to the extent permissible by law and shared with individuals only on a need-to-know basis. Anyone who participates in retaliatory acts or knows of an occurrence of retaliation and either fails to stop such an act or fails to report such an act will be subject to discipline, up to and including termination of employment.

**It’s Management’s Responsibility**

At HMSA, we expect our leaders to exhibit the company’s commitment to conducting business with honesty and integrity. Because managers have the most influence over their employees’ conduct, they must set clear lines of communication in their department and encourage ethical business practices. As a manager, you’re expected to:

- Encourage open and honest communication.
- Help employees understand the Code.
- Actively discuss ethical conduct and challenges employees may face in the workplace.
- Create an environment where employees feel comfortable raising issues without fear of retaliation.

**Contact Us**

Please contact C&E if you have a compliance question, see a potential compliance incident, or have a compliance concern.

- **In person:** 10th floor, HMSA Building
- **Email:** Compliance_Ethics@hmsa.com
- **Phone:**
  - Brenda Takahashi
  - Compliance & Ethics Officer
  - 948-5449 on Oahu
- **Anonymous hotline:** 1 (800) 749-4672 toll-free, 24 hours a day, seven days a week.

When you call:

- You can remain anonymous.
- Your call won’t be traced and caller ID won’t be used.
- Your question or concern will be respectfully handled with the appropriate level of confidentiality.
Compliance with the Code

If you fail to comply with HMSA’s Code of Business Conduct, you’ll be subject to disciplinary action. Disciplinary action may include referral to the government, suspension, termination of employment, and reimbursement to HMSA for any losses or damages resulting from the Code violation.

If you’re charged with a violation of the Code, you’ll have the opportunity to explain your actions before any disciplinary measures are taken.

Disciplinary action will be taken when:

• An employee authorizes or participates in actions that violate the Code.
• An employee deliberately provides misleading information about violations of the Code.
• A supervisor’s or manager’s actions reflect poor judgment, inadequate supervision, or lack of diligence regarding a violation of the Code.
• Anyone retaliates, directly or indirectly, or encourages others to retaliate against an employee who reports a violation of the Code or participates in an investigation of a violation of the Code.

This Code will be enforced fairly, at all levels, and without prejudice.
Conflict of Interest

When outside personal interests, affiliations, or other employment influence or appear to influence our ability to act in HMSA’s best interest.

We can’t accomplish HMSA’s goal of advancing the health of Hawaii without the trust of our community. Keeping that trust depends on avoiding even the perception of a conflict of interest. That means HMSA employees must refrain from engaging in activities that influence, could influence, or appear to influence their judgment or objectivity.

Conflict of interests may not always be obvious or easy to resolve. Usually, a conflict of interest can be avoided if it’s disclosed in advance.

Here are examples of conflicts of interest that must be disclosed in advance:

- Working in any capacity for a competing health plan.
- Working as or for a doctor or other health care provider, pharmacy, or vendor.
- Accepting gifts, payments, or services that exceed our gifts and entertainment limits from people who do business with HMSA or would like to do business with HMSA.
- Doing business on behalf of HMSA with a company that’s owned or controlled by an HMSA employee, an employee’s family member, or someone with whom you have an actual or perceived personal relationship.
- Owning or having a substantial financial interest in a business that competes with or provides services or goods to HMSA.
- Acting as a consultant to an HMSA customer, provider, or vendor.
- Acting as a group leader for an employer group.

If you’re unsure if there’s a conflict of interest, talk to your supervisor or check with C&E.

A Second Job

Your primary employment obligation is to HMSA. You may have a second job, including a side business, as long as it:

- Doesn’t directly or indirectly compete with HMSA.
- Doesn’t require use of HMSA assets or confidential information.
- Doesn’t affect your work at HMSA or interfere with your normal work hours.
- Doesn’t negatively affect HMSA’s brand, image, or community standing.

There may be other considerations that are specific to your job, so check with your management and C&E before accepting a second job.
Here are some frequently asked questions and answers about having a second job:

Q: I work at HMSA Monday through Friday. On weekends and evenings, I have another job at a restaurant. Is this a conflict of interest?
A: It depends on your HMSA employee status.
   • For non-exempt employees: You may have to work periodic overtime for HMSA, depending on your position. A second job can’t interfere with your overtime availability.
   • For exempt employees: You’re expected to put in the time needed to complete your responsibilities. Remember this condition if you’re considering a second job and discuss it with your supervisor or manager.

Q: I work at HMSA Monday through Friday. I also have a weekend job at another health plan. Is this a conflict of interest?
A: Yes. Your weekend job may not interfere with your HMSA work hours, but it’s still a conflict of interest because it’s a competing health plan.

Q: My family’s small business gets health care coverage for its employees from HMSA. Can I be the group leader for my family’s company?
A: This may be a conflict of interest. Contact C&E to discuss your specific situation and your role at HMSA.

Q: I’d like to do some consulting or volunteer work during my non-work time. When would this be a conflict of interest?
A: It’s best to discuss this with your supervisor and C&E. There may be a conflict of interest depending on the type of work you do at HMSA and its connection or similarity to the consulting or volunteer services you want to do.

Personal Financial Interests
You should avoid any outside financial interests that might influence your decisions or actions on behalf of the company. Examples include personal or family investment or involvement in organizations that do business or compete with HMSA.

You’re allowed to own a portfolio of stock or other securities in publicly traded companies. However, you shouldn’t hold stock in known vendors of HMSA if your objectivity in dealing with the vendor may be questioned. Please talk to C&E if you have any questions.

Annual Disclosure
Each year, you must completely and accurately disclose possible conflicts of interest on a questionnaire. If your circumstances change after you’ve filled out the questionnaire, you must let C&E know right away.

We have a separate conflict of interest policy for government-hired vendors who are reviewing HMSA. See the Government Contracts section for more information.
Giving and accepting gifts are common while doing business. But exchanging gifts can’t influence our business-decision making.

We often buy goods or services from a supplier that also buys goods or services from us. For example, we may purchase printing services from a printer who purchases health care coverage from HMSA. While this is a normal and acceptable business practice, we must avoid any form of pressure for reciprocity.

**Giving Gifts To and Receiving Gifts From Individuals or Entities Outside of HMSA**

You cannot give or receive:
- Cash gifts.
- Gifts that exceed $100 per occasion.
- Gifts more than $250 in value from the same person or entity in a year.

Gifts include meals and other entertainment. Any gift you give or receive must be reasonable and appropriate to the occasion and given infrequently, regardless of the amount.

**When receiving a gift,** make sure it’s not:
- Solicited from anyone we do business with, including vendors, suppliers, providers, and members.
- Given with the intent to obtain or reward favorable treatment from HMSA.
- Possible for it to affect your ability to act in HMSA’s best interest.

**When giving a gift,** make sure it:
- Doesn’t appear improper or cause embarrassment to either party.
- Isn’t given with the intent to obtain or reward favorable treatment.
- Doesn’t violate any policy of the recipient’s company or organization.

**Giving Gifts To or Receiving Gifts From the Government**

You cannot give or receive any gift from a federal government contractor. Go to the Government Contracts section to read the full policy.

**Exceptions to the Rule**

You can receive a gift with a value that exceeds $100 if all of the following apply:
- It’s flowers, a food basket, or other perishable gifts.
- It can be shared by the department.
- The appropriate management has approved.

If there’s an instance where you feel receiving gifts or entertainment beyond the $100/$250 rule may be inappropriate, contact your supervisor to get approval from your department’s senior officer, or C&E. You must also note it on your annual conflict of interest disclosure form.

Here are some frequently asked questions about receiving gifts and entertainment:
Q: I was invited on an all-expenses-paid trip to San Francisco to learn more about a vendor’s product that HMSA is interested in buying. Can I accept this offer?
A: No. Accepting a vendor’s offer of a free trip may make it difficult to objectively evaluate their product and may make it seem as if the free trip influenced your decision. However, you could go if HMSA covered all travel expenses and determined that the trip was an appropriate business expense need and in HMSA’s best interest. Each situation is different, so you should always notify your manager and consult C&E.

Q: While attending a work-related conference, I won a random drawing for an iPad. Can I accept this prize?
A: Typically, drawings offered to all conference attendees and won purely by chance by an employee would be allowed. But if the value of the prize is excessive or if you’re concerned that you might be violating a policy, consult your manager and C&E.

Companywide Benefits
A vendor or supplier may offer benefits companywide, such as discounts, rebates, or credits. These arrangements must be approved in advance by C&E to make sure we’re compliant with anti-kickback restrictions. For more information about kickbacks, go to the Government Contracts section.

Accepting Honoraria
Honoraria: Payments for services like a speech, appearance, panel participation, article, or similar item or activity in connection with HMSA-related business are generally not acceptable. Honoraria include cash, gifts, travel and lodging expenses, or anything of value.

You and your family or household members shouldn’t personally accept or solicit honoraria. Accepting or soliciting honoraria may create an actual or perceived conflict of interest and compromise your ability to act in HMSA’s best interest. If you have questions about accepting honoraria, talk with your manager and C&E.

Follow the “RIGHT” Principles
R- Read the Code.
I - Identify potential issues.
G - Go with your gut feeling. Does it feel right?
H- How are others affected?
T - Take responsibility for your actions.
Political Activity and Contributions
We comply with all laws and regulations regarding the use of company resources for political activities. To provide an avenue for employees who wish to support the political process through HMSA, we and our subsidiaries have a political action committee (PAC) that solicits and accepts voluntary contributions from employees.

Candidates campaigning for federal office
Federal campaign finance laws generally prohibit payments from corporate funds to any candidate campaigning for federal office.

Candidates campaigning for state office
Hawaii state law allows limited corporate contributions to candidates campaigning for state office.

We encourage you to vote, become involved in civic affairs, and participate in political activities. You’re free to make personal contributions consistent with applicable federal, state, or local laws to support candidates or political organizations. Your participation should be done on your own time, however, and you shouldn’t use HMSA funds, supplies, facilities, or other resources.
Member Information
Our members, providers, and employer groups entrust us daily with their confidential information. It’s our duty to protect that information and keep the trust they’ve placed in us.

Confidential member information (CMI):
Information that can be used to identify an HMSA member, their health conditions, or their non-public financial information.

CMI includes a member’s:
- Name, address, birth date, and Social Security number.
- HMSA subscriber ID.
- Claims information, including diagnosis and dates of health care services.
- Provider or employer information.
- Bank account or debit/credit card information.

Protected health information (PHI):
Information about a member’s health condition, health care services, and payments. PHI is a subset of CMI.

HIPAA and HITECH – Acts that protect members’ information
The Health Insurance Portability and Accountability Act of 1996 (HIPAA), and the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) also protect our members’ CMI. The federal and state governments can impose fines and criminal penalties on HMSA or HMSA’s employees when CMI is mishandled.

This means we must:
- Conduct business using HIPAA/HITECH standards for privacy and security.
- Follow all applicable federal and state laws on privacy and confidentiality as well as HMSA’s Privacy Policy, Information Security Policy, and Physical Security Policy.
- Disclose CMI only on a need-to-know basis, in the minimum amount necessary, if your role permits you to do so, and as authorized by HMSA.

Ask the Information Protection and Privacy Office (IPP) or C&E if there are questions about disclosing CMI.

Confidential Business Information
If you have access to any of HMSA’s confidential business information, you’re responsible for protecting it. This responsibility continues even after your employment, contract, or affiliation with HMSA ends.

Confidential business information:
- Requires the highest level of protection.
- May harm employees, members, business associates, providers, or HMSA if disclosed or altered.
Can generally be disclosed only to others outside or inside HMSA when it’s properly authorized by management or an information steward.

**Disclosing confidential business information**

Before disclosing to anyone outside of HMSA, make sure you:

- Aren’t violating any federal or state laws. Check with IPP or C&E if you’re not sure.
- Get approval from an HMSA director or officer.
- Have a non-disclosure and confidentiality agreement (NDCA) that’s been approved by Legal Affairs.
- Label the document as “Confidential.”

Be aware of your surroundings!

It helps to reduce the risk of accidentally disclosing confidential business information through a telephone call or casual conversation, whether at an HMSA office or in a public setting, like in an elevator.

**User IDs and Passwords**

You’re accountable for all activities performed under your user ID. You must not share your user ID or passwords with another person, even if it’s to access information that another person would otherwise be authorized to access.

Here’s a commonly asked question about user IDs and passwords:

**Q:** My co-worker is out sick and he’s holding up the approval process for a project. He gave me permission to log in to the system with his user ID and password to approve the work so there’s no hold-up. Is this allowed?
A: No, you may not use another person's user ID and password even if the person gave you permission. If you have to access a system without the person being present, please contact your manager, the Help Desk, or IPP. If you suspect that someone has used your user ID and password to access a system, contact IPP immediately.

**Using HMSA Assets**

Company assets are more than computers and paper clips; they also include:
- Intellectual property.
- Business strategies and plans.
- Trade secrets.
- Financial or proprietary information.
- Software or hardware.

You should only use HMSA assets for valid company purposes.

Follow these guidelines to make sure you use HMSA assets responsibly:
- Never use HMSA assets for your second job or outside business.
- Limit personal use of company telephones, computers, fax machines, and emails. Never use them for personal gain, illegal purposes, or your second job or outside business.
- Only transfer company assets to other persons or entities to support a business need and in accordance with company policy. HMSA assets that aren’t needed any longer may be disposed of or, in certain cases, sold to employees at market value. Such disposals or sales must be supported by properly approved and signed documentation.

**Safeguarding HMSA information and assets**

Many HMSA devices you use, like computers and laptops, external hard drives and thumb drives, and smartphones and tablets, may contain CMI and must be carefully safeguarded. If these devices are lost or stolen, they may expose CMI and may result in government sanctions, financial penalties, and may damage HMSA’s reputation.

If you use HMSA devices, it’s your responsibility to:
- Store them in a secure location, preferably in an HMSA facility.
- Never leave them unattended in a public area or non-HMSA facility.
- Never allow non-HMSA employees to borrow or use them.
- Always carry them on when traveling; never check them in as baggage.
- Use whole-disk encryption on them to protect CMI in case of theft or loss.

**Your Whistleblower Rights**

If you suspect a violation of law, you cannot be held liable for disclosure of trade secrets if you disclose it 1) in confidence to a government official or attorney, or 2) in a lawsuit or other proceeding and it is made under seal. If you file a lawsuit for retaliation by HMSA for reporting a suspected violation of law, you may disclose trade secrets to your attorney and use the information in the court proceeding if it is filed under seal and as long as you do not otherwise disclose the trade secret, except pursuant to a court order.

Trade secrets may include documents that cover financial information, business strategies, marketing plans and programs, and policies and procedures. For more details and information concerning trade secrets and confidential information, please go to Sapphire and the C&E department document library to view the Agreement Regarding Confidential Information, Work Product and Physical Security.
Please contact C&E or call the C&E hotline at 1 (800) 749-4672 toll-free if you have any questions or wish to report any concerns over suspected misconduct or violation of law related to the release of trade secrets or other confidential information.

**Accurate Recordkeeping**

We provide a variety of performance reports, financial statements, proposals, budgets and other reports to government agencies, auditors, employer groups, accreditation organizations, and other entities. These reports often include management certification or attestations. If you prepare, sign, or support these reports and their underlying records, you must ensure that they’re prepared carefully, accurately, timely, and ethically. Late or inaccurate reports submitted to government agencies can result in compliance actions that range from corrective action plans and increased agency scrutiny to fines and penalties.

**Recordkeeping policies**

- Labor, material, and other costs must always be charged accurately to the proper account regardless of the financial status of the program, project, or contract. Labor timesheets and other cost records must be complete and accurate.
- HMSA books and records must accurately reflect the true nature of transactions that they represent. Employees must never cause HMSA books and records to be misleading or inaccurate.
- Costs that aren’t reimbursable to HMSA by the federal government must be identified, properly accounted for, and excluded from proposals, bids, and reimbursement requests submitted to the federal government.

Contact C&E or call the C&E hotline at 1 (800) 749-4672 toll-free to report any concerns related to financial reporting irregularities or questionable accounting practices.

**Record retention**

We use effective, cost-efficient records management to maintain complete and accurate records. We retain records to:

- Meet business needs.
- Be compliant with federal and state laws and regulations.

Records connected to litigation or audits may need to be kept beyond normal retention periods. Special requirements are issued directly to each applicable individual by Legal Affairs to make sure relevant records aren’t destroyed until such cases or investigations are closed.

Destroy records properly after the appropriate record-retention period.

Go to the Legal Affairs page on Sapphire for more information, definitions, and guidelines on record retention. Guidelines for individual departments are posted on Sapphire, but consult your manager for the current version. If your manager says that the version on Sapphire is outdated, please contact Legal Affairs.
Government Contracts

We partner with the state and federal governments on several programs, including Medicare, Medicaid/QUEST Integration the and Federal Plan. Because of this partnership we must follow specific requirements when working on anything related to government contracts.

Giving and Receiving Gifts and Entertainment

Our policy is simple – no gifts. You cannot give or receive any gift from a federal government employee or contractor.

Here’s a frequently asked question:

Q: I got to know an auditor through a federal government audit of an HMSA program. The auditor was helpful and I want to take the auditor to lunch as a thank you – my treat. Is that OK?

A: No, you shouldn’t treat the auditor to lunch. HMSA employees may not offer gifts or entertainment to federal government employees or their contractors under any circumstances.

Avoiding Conflicts of Interest

Like all health plans, HMSA is subject to government regulation. As part of its duties, the government requires certain information from health plans and may investigate a health plan through audits or studies.

If HMSA undergoes such an investigation or review, we’ll:

• Provide the government with appropriate information.
• Make a good-faith effort to avoid contracting or discussing contracting with any potential vendor who’s been hired by the government to participate in the review.
• Get a waiver of conflict of interest from the government if we want to negotiate or contract with a vendor who’s been hired by the government to participate in the review.

Preventing Health Care Fraud, Waste, and Abuse (FWA)

Health care FWA raises health care costs – it’s in everyone’s best interest to identify, correct, and prevent it.

FWA takes many forms and can be committed by anyone – individual providers, provider groups, clinics, hospital facilities, employers and members.

Some examples of FWA include:

• Billing for services that weren’t rendered.
• Charging for a more complex service than what was actually provided.
• Patients presenting stolen or counterfeit health insurance information to get services.
• Giving a member less than the fully prescribed medication quantity, but billing for the full amount.

Laws that Help Prevent FWA

Federal False Claims Act
Under this act, people and organizations who are involved in presenting a false or fraudulent claim to the U.S. government or its contractors (such as HMSA) for payment may be criminally charged or subject to monetary penalties for each false claim in addition to three times the amount of damages that the federal government sustains because of the false claim.

Hawaii False Claims Act
Under this act, people and organizations (such as HMSA) are penalized for:
• Submitting a false claim for payment to an officer, employee, or agent of the state.
• Making or using a false record to get a false claim paid.
• Conspiring to make a false claim or get one paid.
• Making or using a false record to avoid payments owed to the state government.

Anti-Kickback Statute
A kickback is any money, fee, commission, credit, gift or gratuity, thing of value, or compensation that’s provided directly or indirectly with the intent of getting or rewarding favorable treatment. For example, employees may not receive gifts, entertainment, or any form of improper payment from members in exchange for a lower premium. Under this statute, people who offer, solicit, or accept kickbacks can be criminally charged or monetarily penalized.

Stark Law
Under this law, a physician is prohibited from referring patients for designated health services payable by Medicare to other entities that have direct or indirect financial relationships with the physician.

Protection for whistleblowers
The federal False Claims Act and Hawaii Whistleblower Protection Act (HWPA) also include a qui tam or “whistleblower” provision. They protect people from any retaliation that might result from filing a lawsuit, investigating a claim, or providing testimony for alleged false claims or False Claims Act violations. Under the HWPA, whistleblowers may get a percentage of the money recovered by the state.

For more information on these laws, review the C&E training materials on Sapphire or contact C&E.

Benefits Integrity is dedicated to detecting FWA. The department investigates complaints, conducts proactive reviews, and raises awareness of FWA. If you suspect FWA, report it promptly to Benefits Integrity or C&E. There will be no retaliation when you report in good faith.
Employee responsibilities

We’re all responsible for detecting and preventing internal fraud, which is the intentional misrepresentation or concealment of information within HMSA for financial, reputational, or other gain.

Examples of internal fraud may include:

- A dishonest act.
- Forgery or alteration of any official HMSA document.
- Misappropriation or misuse of funds, supplies, or other HMSA assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Unauthorized alteration or manipulation of computer files or production reports.
- Unauthorized disclosure of confidential and proprietary information to outside parties or unauthorized internal staff persons.
- Unauthorized destruction, removal, or inappropriate use of records.
- Any similar or related irregularity.

You’re expected to recognize risks and exposures in your area of responsibility. Be alert for any indication of internal fraud; if you detect or suspect it, contact C&E right away.

If you’re aware of an internal fraud and don’t immediately report it, you may be subject to disciplinary actions up to and including termination of employment. If you report suspected fraud, you’ll be protected from retaliation and your confidentiality will be maintained to the extent permitted by law.

Vendor responsibilities

If you’re a contracted vendor, we expect you to conduct your business fairly, with integrity, and consistent with applicable state and federal laws. In addition, if you work directly or indirectly on government contracts, you must know and comply with all the terms of the government contract and related state and federal laws and regulations.

Depending on the scope of work, you may have to complete annual general compliance training and Medicare fraud, waste, and abuse training. You must cooperate with any government requests for information and may also be required to conduct screening for people who are excluded from federal health care programs.

You must never offer gifts, entertainment, meals, or anything of value to a federal government employee. We also ask that you respect our gifts and entertainment policy when offering anything of value to HMSA employees.

Even if you have your own code of business conduct, you must also adhere to HMSA’s Code of Business Conduct. If you’re aware of an actual or potential violation of our Code, the terms and/or conditions of your vendor agreement, or applicable laws or regulations, you must immediately alert your HMSA business contact or call the C&E hotline.

Proper marketing practices

Superior products offered at a reasonable price with superior customer service are HMSA’s primary marketing tools. It’s against the Code to use deceptive, misleading, or unethical methods to obtain business from potential customers.

Procuring government contracts

When we procure federal government contracts, there are specific laws and regulations we must follow. It’s illegal to seek an unauthorized competitive advantage, such as obtaining a competitor’s proposal or accessing certain documents.

During the federal procurement process, we won’t seek or obtain the following types of information unless it’s released to all competitors:

- Competitors’ cost or pricing data; indirect costs and direct labor rates; and underwriting processes, operations, or techniques.
• Government source selection bid prices or proposed costs; sources’ election plans; technical evaluation plans; technical, cost, or price evaluations of proposals; competitive range determinations; rankings of bids, proposals, or competitors; panel, board, or advisory council reports and evaluations; and any other unauthorized information.

After the procurement process, we may request information that wasn’t previously available. In certain situations, we’ll provide documentation that authorizes us to receive such information. Whenever possible, we’ll request information under the Freedom of Information Act to make sure we don’t receive information that’s protected.

If you have questions about this process, contact Legal Affairs.

Marketing to Medicare beneficiaries
When we market to Medicare beneficiaries, we must follow the rules set forth by the Centers for Medicare & Medicaid Services (CMS). These rules protect Medicare beneficiaries from misleading or unfair marketing practices.

To make sure we understand those rules, employees, contractors, temporary hires, and other individuals as necessary who support Medicare products must complete online training on Medicare fraud, waste, and abuse during the annual C&E Code of Business Conduct online training.

For more information about CMS marketing rules, contact Medicare Programs.
Protecting You at Work

We have policies in place to ensure a safe, supportive, respectful workplace. You can read summaries of some of the policies below. To view the full policies, go to the HMSA Employee Handbook.

**Individuals with Disabilities**
We comply with the Americans with Disabilities Act and related state and federal laws. We’re committed to:
- Employing individuals with disabilities.
- Advancing in employment individuals with disabilities.
- Treating qualified individuals without discrimination on the basis of their disability in all business practices.
- Reviewing reasonable accommodation requests so qualified individuals can perform their essential job functions.

**Protected Veterans**
We comply with the Vietnam Era Veterans’ Readjustment Assistance Act (VEVRAA) and related state and federal laws. We’re committed to taking affirmative action to employ, advance in employment, and otherwise treat qualified individuals without discrimination based on their status as a protected veteran in all employment practices.

**Sexual Harassment**
You’re expected to treat your fellow employees with professional respect and courtesy. Any form of sexual harassment in the workplace is strictly prohibited, whether by a supervisor, manager, co-worker, consultant/contractor, vendor, or temporary employee.

If you engage in sexual harassment, you will be subject to disciplinary action, which may include termination of your employment.

**Drug-free Workplace**
Any activity related to the unlawful possession, manufacture, distribution, dispensation, or use of a controlled substance in the workplace is strictly prohibited. This applies to activities that occur anywhere on company property or while on work time outside the workplace.

If you engage in any prohibited activity, you will be immediately suspended without pay pending an investigation and final decision on disciplinary action, which may include the termination of your employment.

If you have questions about or suspect a violation of these policies, you should talk to your supervisor. If you prefer, you may talk to your department head or the Equal Employment Opportunity (EEO) compliance officer in Human Resources (HR).
Mahalo for reading HMSA’s Code of Business Conduct. We’re all obligated to adhere to the laws and regulations that govern our business and have a personal responsibility to conduct ourselves with the highest standards of excellence and ethical conduct. We hope this Code equips you with the knowledge and information you need to make the right choices every day.

Making the right decision isn’t always easy. You may be confronted by situations in which you’ll need more than this Code to guide you. The C&E Office is here for you during these times. We encourage you to reach out to us to report a possible violation or if you’ve been involved in any potential misconduct.

Again, thank you for your commitment to working with honesty and integrity.

Brenda S. Takahashi
Compliance & Ethics Officer
I. The Purpose

HMSA has always been, and continues to be, committed to conducting its business with integrity and in accordance with all federal, state, and local laws that apply to its business activities. These include rules, regulations and guidance related to Medicare Advantage, Medicaid/QUEST Integration, the Federal Plan and the Affordable Care Act, including health care exchange requirements for qualified health plans. Our long-standing policy is to identify and prevent the occurrence of unethical or unlawful behavior; to halt such behavior as soon as reasonably possible after discovery; to discipline personnel who violate HMSA policies, including individuals who fail in their responsibilities to detect a violation; and to implement any changes in policies or procedures necessary to prevent recurrences of a violation.

HMSA has instituted a Code of Business Conduct, this C&E Program, and other related policies and procedures that reflect this commitment.

HMSA uses different tools to implement its C&E Program. These include training and education, employee performance evaluations, an employee reporting system, and internal audits. We monitor this program to verify compliance with the C&E Program standards.

HMSA encourages personnel to internally report all potential non-compliance with the Code or C&E Program. The C&E Program details a variety of means to report such non-compliance, protecting confidentiality where appropriate. No individual or position of influence is more important than the integrity of HMSA. HMSA won’t tolerate retaliation against those who, in good faith, report actual or potential wrongdoing.

II. The Program

A. Distribution of the Code

1. Current Employment, Contract, or Activity with HMSA

   All HMSA employees, officers, and board members, as well as all non-employees (e.g., temporary agency hires, consultants, and contractors), vendors and partners as well as any other individuals working on behalf of HMSA, will be given a hard copy of the Code and/or will be provided access to an electronic, printable copy of the Code. They will also be required to sign an acknowledgment form. This form, containing a statement that the individual has read, understood, and agreed to comply with the Code, must be signed annually and returned to the HMSA C&E officer.
2. New Employee, Board Member, and Non-Employee Engagement Orientation

Each new employee, board member, and non-employee (e.g., temporary agency hires and contractors), and any other individuals working on behalf of HMSA, will be given a copy of the Code and the related policies and/or will be provided access to an electronic, printable copy and acknowledgment forms to sign and return to the HMSA C&E officer. The forms must be signed and returned to the HMSA C&E officer stating that they’ve read, understood, and agreed to abide by the Code and related policies. A discussion of the Code and initial training has been included into new employee, board member, and non-employee engagement orientation programs. Training on the Code and related policies (i.e., Medicare Fraud, Waste, and Abuse and Model of Care) must be completed within 90 days of hire.

3. Consultants, Agents, and Vendors of HMSA

The C&E officer ensures that a copy of the Code is made available to third-party consultants, agents, partners, or vendors who act for or on behalf of HMSA. These individuals are also expected to execute an acknowledgment form stating that they have read, understood, and agreed to abide by the Code. In addition, the C&E officer annually distributes a letter and makes a copy of the Code available to certain vendors who conduct a significant amount of business with HMSA and encourages them to comply with the Code.

4. Subsidiaries and Affiliates

The C&E officer works with HMSA subsidiaries and affiliates to develop, adopt, and maintain their own Code and C&E Program and policies comparable to HMSA’s.

B. The C&E Advisory Committee

1. Composition and Meeting Requirements

HMSA has established a C&E Advisory Committee (C&E Committee) that is composed of senior officers. The committee meets at least quarterly.

2. Responsibilities

The C&E Committee is primarily responsible for providing advice, guidance, and recommendations on implementing, updating, monitoring, and enforcing the Code and the C&E Program. The C&E Committee is informed of all investigations relating to violations of the code or the C&E Program and reviews disciplinary actions relating to violations of the Code.
C. C&E Officer

1. Appointment

The Audit and Compliance Committee (A&C Committee) of the Board of Directors (A&C Committee) appoints the C&E officer who is identified by name, business address, and business telephone number to all employees. The C&E officer reports to a senior executive officer and has a dotted line reporting to the chief executive officer (CEO) and the A&C Committee. The C&E officer or designee reports at least quarterly to the A&C Committee on the status and effectiveness of the C&E Program, the nature and number of concerns or questions from employees, and the nature and extent of any investigations and violations of these policies.

2. General Duties

The C&E officer ensures the relevance, visibility, and overall effectiveness of the C&E Program. The C&E officer is responsible for training on the Code, the C&E Program, or in related areas as necessary; providing guidance to employees to clarify commonly asked questions; developing policies or procedures to supplement the Code and the C&E Program policy; and responding to concerns or reports of potential violations.

The C&E officer also oversees compliance with applicable laws, regulations, and contract requirements; the Code; and related C&E Program policies and procedures. The C&E officer coordinates the annual review and update of the Code and related C&E Program and policies, including developing suggestions for improving the Code and policies.

While HMSA has established a C&E Program and appointed the C&E officer to support it and ensure compliance, all HMSA employees continue to be responsible for compliance with all laws, regulations, contractual obligations, and HMSA policies. Supervisors and managers have an additional responsibility to ensure that their staff complies with the Code, the C&E Program, and related policies.

3. Training

A critical aspect of a C&E Program is the effective communication of the Code, the C&E program, and related policies to all personnel. The C&E officer is responsible for overseeing and coordinating the annual compliance training for all employees, Board members, and non-employees, as applicable. The C&E officer also documents employee, Board member, and non-employee attendance and completion of training sessions and retains such records. The C&E officer is responsible for developing and coordinating training or disseminating additional guidance as needed.

4. Duty to Answer Questions and Receive Reports

a. Availability to Employees

The C&E officer is available to every employee to answer questions about proper conduct under the Code and the C&E Program.

b. Confidentiality of Violation Reports

The C&E officer serves as a point of contact for employees to report suspected violations of the Code. It’s HMSA’s policy to maintain, whenever possible, the confidentiality of employees who make reports to the C&E officer.
c. Notification of Reported Violations
The C&E officer promptly informs the appropriate senior officer, the C&E Committee, and, when appropriate, Legal Affairs of all reports of possible unethical or illegal activities in a timely manner.

d. Toll-free C&E Hotline
The C&E officer is responsible for the toll-free C&E hotline, 1 (800) 749-4672, including publicizing the hotline and responding to issues raised through it. Employees may raise questions or concerns to the hotline anonymously.

e. Documentation
The C&E officer maintains a record of all reports received from employees consisting of, at minimum, the date of the call or report, a summary of the concern raised, and the resolution of the matter.

f. Prompt Response
If the C&E officer cannot answer an employee's question regarding the Code immediately, the C&E officer shall make best efforts to provide a response to the employee within 10 working days of the time the question was posed.

If an employee has reported a possible violation of the Code, the C&E officer shall contact the employee within 10 working days and report the actions that are being taken in response to the report to the employee. Promptly upon resolution of any such report of misconduct, the employee making the report will be informed of the resolution.

III. Reporting System

A. C&E Officer and Supervisors
Employees are encouraged to ask their immediate supervisor or the C&E Office questions about the Code. All personnel have an obligation to report any violation of the Code or program. To that end, employees may report any activities they believe to be unethical, illegal, or a violation of HMSA policy to their immediate supervisor or manager or the C&E officer. If such a violation is reported to their immediate supervisor, their immediate supervisor must then report it to the C&E Office by the next business day.

Employees should refer to the Code and other policies for guidance in deciding whether to report on activities of concern to them. The C&E officer is available to discuss the propriety of employee conduct and the requirements of HMSA's policies and procedures.

B. Toll-free C&E Hotline

1. 24-Hour Availability
HMSA has a toll-free C&E hotline, 1 (800) 749-4672, to report questionable conduct and receive questions about the Code. This telephone line is available 24 hours a day, seven days a week. HMSA will regularly and frequently publicize the existence of the toll-free line.

2. Anonymity
Calls can be made anonymously. Reports of questionable behavior may be made in any manner that effectively communicates sufficient information to allow HMSA to investigate the report.

C. Investigating Employee Reports

1. Supervisors’ and Managers’ Responsibilities
Every supervisor or manager who receives an employee report of possible unethical or illegal activity shall prepare a written description of the report and promptly forward it to the C&E officer by the next business day. Supervisors and managers should not investigate reports on their own.
2. C&E Officer’s Responsibilities
   a. Written Description of Employee Report
      The C&E officer shall prepare a written description of each employee report received, evaluate the report’s veracity and seriousness, and conduct such preliminary investigation as is necessary to assess what further action is required.
   b. Decision on Further Action
      The C&E officer shall confer with counsel or other senior management, as appropriate, to determine the need for and appropriateness of further action, such as referrals to government authority, and take such action or prepare a written report on the conclusion that no action is required.
   c. Notification of Unethical or Illegal Activity
      If the C&E officer concludes that there may have been unethical or potentially illegal activity, the C&E officer shall promptly forward the description to the senior officer in charge of C&E, and if that is not feasible, to the CEO or to the chair of the A&C Committee.
   d. Response to Reporting Employee(s)
      Promptly upon the conclusion of an investigation and where possible, the C&E officer shall inform the reporting employee(s) of the resolution orally or in writing.

D. C&E Officer Investigation Reports
The C&E officer will also prepare a report about all matters investigated, including reports made anonymously. The report will be available to the senior officer in charge of C&E, to the manager of the operating organization affected by the investigation (unless any such person is a subject of the investigation), and, as appropriate, to the A&C Committee and the C&E Committee unless any such person is a subject of the investigation. The report shall include the original report filed by the employee, a description of the evaluation and conclusion, and the corrective or remedial action taken.

IV. Disciplinary Actions
The C&E officer shall promptly and properly document all reasons behind the disciplinary actions taken against personnel for violations of the Code, the C&E Program, or related policies and procedures. The C&E officer is responsible for ensuring that such documentation is included in the individuals’ personnel files.

In determining the appropriate disciplinary action to impose for a violation of the Code, C&E Program, or related policies and procedures, the C&E officer, in conjunction with the senior officer in charge of C&E and Human Resources, may take into account the following factors, among others:

- The nature of the violation and the ramifications of the violation to HMSA and its clients;
- If the individual was directly or indirectly involved in the violation;
- If the violation was willful or unintentional;
- If the violation represented an isolated occurrence or a pattern of conduct;
- If the individual in question reported the violation;
- If the individual withheld relevant or material information about the violation;
- The degree to which the individual cooperated with the HMSA’s investigation;
- If the violation consisted of the failure to supervise another individual who violated the Code, C&E Program, or related policies and procedures, and the extent to which the circumstances reflect inadequate supervision or lack of due diligence;
- If the violation consisted of retaliation against another individual for reporting a violation or cooperating with an investigation, and the nature of such retaliation;
- Any disciplinary action previously imposed for similar violations; and
- The individual’s past violations, if any.
V. Performance Evaluations
It’s important for employees to know their obligations under the Code and the available reporting channels. Promotion of these elements of the program is an integral part of each supervisor’s and manager’s responsibility.

Accordingly, all management personnel (officers, department heads, managers, and supervisors) are required during each employee’s annual performance review cycle to:

• Discuss with each employee under their supervision the content and application of the Code and available reporting channels;
• Inform each such employee that strict compliance with the Code is a condition of employment; and
• Inform each such employee that HMSA will take disciplinary action, up to and including termination, for violation of the Code, C&E Program policies and standards, applicable laws or regulations, or basic principles of business honesty and integrity.

VI. Compliance Program Effectiveness
The effectiveness of the C&E program is audited at least annually by either HMSA’s Internal Audit department or an external auditor, and results are shared with the A&C Committee and C&E Committee.