Code of Business Conduct and Compliance & Ethics Program

An Independent Licensee of the Blue Cross and Blue Shield Association
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Aloha everyone,

One of the things that impresses us the most about HMSA is how much you really care about the work you do. We’ve heard countless stories of how many of you go above and beyond to serve our members. You do it not just because it’s your job. You do it because it’s the right thing to do.

For the most part, we do the right things in our everyday work for the good of our members. There may be situations that we may not know how to handle or have questions about what should be done. This Code of Business Conduct serves as a guide for some of those situations, such as how to:

• Protect our members’ information.
• Work with vendors and other business partners.
• Report potential health care fraud and abuse.

Please take time to read this guide and keep it handy for easy reference. It’s an important tool to help us do our job. If you have questions, talk to your supervisor or the Compliance and Ethics Office. Conversations are kept confidential to the extent possible and only shared on a need to know basis.

Thank you for all the good work that you do. You’re truly the heart of HMSA and make us proud to be part of our great ohana of employees.

Mahalo,

Michael Stollar
President and
Chief Executive Officer

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

Vision
A Hawaii where families and communities enjoy ever healthier lives.

Purpose
Together, we improve the lives of our members and the health of Hawaii. Caring for our families, friends, and neighbors is our privilege.
What is HMSA’s Code of Business Conduct?

It’s an expression of our commitment
HMSA works with our members, employer groups, providers, vendors, community, and the government to build a sustainable healthcare system. It’s important that we conduct our business with integrity and follow 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, and board members.

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

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

To maintain our community’s trust, we:
• 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.

It’s our responsibility
It’s important to speak up, ask questions, or raise issues if you think there are compliance or ethics violations. You play an important role in upholding HMSA’s reputation as an ethical company.

As an HMSA employee, you’re expected to participate in the Compliance & Ethics Program and uphold the Code of Business Conduct (Code). Use the Code as a guide to conduct all your business dealings ethically and professionally. 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.

It’s management’s responsibility
HMSA’s leaders are expected to exhibit the company’s commitment to conducting business practices with honesty and integrity. Because managers have the most influence over their employees’ conduct, they must set clear expectations 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 that employees may face.
• Create an environment where employees feel comfortable about raising issues without fear of retaliation.

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.

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: Jan L. Henry
  Compliance & Ethics Officer
  948-5087 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.

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

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.
Violations of the Code

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

If you’re charged with violating 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.

Q: I went to my supervisor with concerns about noncompliance in our department and now I feel they’re retaliating.
A: Retaliation against any individual who participates in the C&E Program, including reporting actual or suspected noncompliance, is prohibited. Contact C&E or Human Resources.

Q: I think my co-worker is violating the Code, but I don’t want to get him in trouble.
A: Your desire to protect your co-worker is understandable, but it’s everyone’s responsibility to report all potential compliance violations promptly. Contact your manager or C&E right away. Our C&E Program is in place to protect us and HMSA and as such, we are obligated to report suspected violations.

Q: I want to report my concerns of misconduct in my department. How do I report it? Will I get in trouble if I’m wrong?
A: You may report in good faith any misconduct directly to your executive leader or C&E. A review will be conducted promptly and confidentiality will be maintained at your request to the extent practical consistent with our investigations policy and as provided by law. To make an anonymous report, call the C&E Hotline at 1 (800) 749-4672 toll-free.
Conflicts of Interest

A conflict of interest occurs when outside personal interests, affiliations, or other employment influences 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 prevented 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 member, provider, or vendor.
- Acting as a group leader for an employer group.

If you’re unsure whether there’s a conflict of interest or not, talk to your manager 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.
- Require use of HMSA assets or confidential information.
- Affect your work at HMSA or interfere with your normal work hours.
- 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.
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, let C&E know right away.

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 employee status at HMSA.
• For non-exempt employees: If you have to work overtime for HMSA occasionally, a second job must not 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. Because your weekend job is working for a competing health plan, this is a conflict of interest that must be reported to your manager and C&E.

Q: My family’s small business offers HMSA health plans to its employees. 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 outside work you want to do.

Q: I’ve been working at HMSA for 10 years and recently learned that my brother is applying for a job in my department. Will this create a conflict of interest if he gets the job?

A: It depends on a number of factors such as your and your brother’s job responsibilities, whether there’s a management/subordinate relationship, and any potential for fraud. Human Resources will work with C&E and your department managers to assess the situation on a case-by-case basis.

Q: I’m a claims benefit examiner at HMSA and my sister is a practicing physician at a hospital in Hawaii. Can this be considered a conflict of interest?

A: Potentially. Since your position at HMSA involves reviewing and making benefit determinations on claims, you may come across a claim that your sister submitted. You should discuss this with your supervisor and C&E. We may create a written agreement to ensure that this potential conflict is sufficiently managed.
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 plans 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 the following when it involves individuals and entities that do business or would like to do business with HMSA:

- 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 the recipient.
- Isn’t given with the intent to obtain or reward favorable treatment.
- Doesn’t violate any policy of the recipient’s company or organization.

**Specific prohibitions**

Dealing with government officials requires special attention. Government agencies may have requirements that exceed HMSA’s internal policy. For example, you cannot give or receive any gift from an employee or contractor of the federal government or the state Department of Human Services (DHS). There are no exceptions to this rule. If your interaction involves a government official and you’re not sure of the applicable policy, contact C&E for clarification.
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 with 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.

Companywide benefits

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

Accepting honoraria

Honoraria are payments for services like a speech, appearance, panel participation, article, or similar items or activities in connection with HMSA-related business and 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.
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 or services. There may be a perception that the free trip influenced your business decision. However, you may go if HMSA determines that the trip is an appropriate business expense and is in HMSA’s best interest. HMSA must pay for the travel and lodging costs, which are subject to your manager’s approval. Each situation is different, so you should always consult your manager and 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 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.

Q: A federal auditor recently completed an audit of HMSA. I want to give her an HMSA promotional item with a value of $10. Since it’s a promotional item, is it OK to give it to the auditor?

A: HMSA policy prohibits giving or receiving gifts or entertainment of any kind when dealing with federal government or state DHS employees or their contractors.

Q: I received a request to complete an online survey about how HMSA makes formulary decisions. In exchange for my time, the company offered me a gift card. May I participate in the survey?

A: This offer was made through your work as an employee and is considered an honorarium. You should not participate in the survey.
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 corrective actions, increased agency scrutiny, fines, or 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 accurate and complete.
- HMSA’s records must accurately reflect the true nature of transactions that they represent. Employees must never cause HMSA’s 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 management methods to maintain complete and accurate records.

We retain records to:

- Meet business needs.
- Comply with federal and state laws and regulations.

Records connected to litigation must be kept beyond normal retention periods. Legal Affairs issues special requirements called “litigation holds” directly to each applicable individual to ensure that relevant records aren’t destroyed until the litigation holds are released.

Records should only be destroyed after the record retention period has elapsed and there are no outstanding litigation holds that apply to them.

Consult Sapphire for more information, definitions, and guidelines on record retention. Guidelines for departments are also available on Sapphire, but consult your manager for current information. If your manager says that the version on Sapphire is outdated, please contact Legal Affairs.
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 number.
- Claims information, including diagnosis, and dates of health care services.
- Provider or employer information.
- Bank account or debit/credit card information.
- Any other information that identifies an individual’s past, present, or future health care services, or payment for health care services.

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 and 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.

If you have questions about disclosing CMI, contact the Information Protection and Privacy Office (IPP) or C&E.

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, employers, or HMSA if disclosed or altered.
• Can generally be disclosed only to others outside or inside HMSA when management or an information steward properly authorizes it.

**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 Legal Affairs has approved.
• Know and follow HMSA’s External Data Sharing Policy, including the Third-Party Data Request (TPDR) process.
• Label the document “Confidential.”

Before disclosing through internal or external communications, make sure to:

• Encrypt external emails that contain confidential business or member information.
  o To encrypt an email, type “HMSASECURE” in the subject line.
  o Email subject lines should never contain CMI.
  o Make sure Outlook’s auto-fill doesn’t change the intended recipient’s email address.

• Label reports, spreadsheets, and other documents with the appropriate restrictive legend. Restrictive legends such as “Confidential” make third parties aware that HMSA considers the information to be protected.
• Arrange for delivery of any paper documents so that a signature is required on receipt.

**Be aware of your surroundings**

Being careful of who’s nearby can help 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. Don’t share your user ID or passwords with anyone, even if it’s to access information that another person would otherwise be authorized to access.

If you think 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 use HMSA assets for valid company purposes only.
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.
- Transfer company assets to other persons or entities to support a business need only 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 properly approved with signed documentation.

Safeguarding HMSA information and assets
Many HMSA devices like computers and laptops, external hard drives and thumb drives, and smartphones and tablets, may contain confidential business information and must be carefully safeguarded. If these devices are lost or stolen, they may expose confidential information and may result in government sanctions and financial penalties; it may also 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 treat them as a carry-on item when traveling; never place them with checked-in baggage.
- Ensure the device is encrypted to protect confidential information in case of theft or loss.

Please contact C&E or call the C&E hotline at 1 (800) 749-4672 toll-free if you have any questions or want to report any concerns over suspected misconduct or violation of law related to the release of trade secrets or other confidential information.

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 someone else’s user ID and password even if the person gave you permission. If you must access a system without the person being present, please contact your manager, the Help Desk, or IPP.

Q: Can I send work-related information or documents to my personal email?
A: No. HMSA provides employees with the convenience of accessing their documents through various secure channels such as company-issued laptops and virtual desktop interface (VDI) from a personal laptop. It’s important that you safeguard HMSA information and assets to protect CMI and confidential business information. Compromising such information could lead to civil monetary and criminal penalties on HMSA and/or employees.
Q: What happens if a member of my team inadvertently sends confidential information in an email to an unauthorized external party?

A: You and your team member will need to report this to IPP, who’ll investigate the incident. Based on the results of the investigation, appropriate follow-up action will be taken. Follow-up action can include providing education to you or your team member or, in some instances, disciplinary action.

Q: Do I still need to guard HMSA confidential business information and CMI if I work remotely?

A: Yes. Employees who work remotely are still required to practice the same safeguards as employees who work on site. Records must be properly stored and locked away in a secured area and work-related conversations should be held in a private setting.

Disclosing HMSA information as a whistleblower

If you suspect a violation of law and disclose HMSA trade secrets, you cannot be held liable if you disclose it 1) in confidence to a government official or attorney, or 2) in a lawsuit or other proceeding and it’s 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’s filed under seal and as long as you don’t otherwise disclose the trade secret except pursuant to a court order.

Trade secrets may include, but are not limited to, documents about financial information, business strategies, marketing plans and programs, and policies and procedures. For more information about trade secrets and confidential information, go to Sapphire and the C&E document library to view the Agreement Regarding Confidential Information, Work Product, and Physical Security.

If you have questions or want to report any concerns over suspected misconduct or violation of law, contact C&E or call the C&E hotline at 1 (800) 749-4672 toll-free.
Dealing with the Government

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

Cooperating with the government

Like all health plans, HMSA must follow government regulations. The government requires certain information from health plans and may investigate a health plan through audits or studies. If HMSA undergoes an investigation or review, we’ll:

- Provide the government with appropriate information.
- Avoid contracting or discussing contracting with any potential vendor the government has hired 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 the government has hired to participate in the review.

It’s a crime to knowingly give false information when working on a government contract. Also, you and HMSA may be liable for fines and other penalties.

Procuring government contracts

When we procure federal government contracts, there are laws and regulations we must follow. It’s illegal to try to get a competitive advantage from a competitor’s proposal or other documents.

During the federal procurement process, we won’t try to get 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.
Individuals and entities excluded from participating in federal programs

HMSA screens all current and prospective employees, temporary agency hires, contractors, vendors, partners, and Board members against governmental listings to ensure that the excluded individuals are not employed by HMSA and excluded entities are not contracted to do work with HMSA that involves federal health care programs.

Political activity and contributions

We comply with laws and regulations about using company resources for political activities. To provide a way for employees 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 law allows limited corporate contributions to candidates campaigning for state office.
Health care fraud, waste, and abuse (FWA) raises health care costs—it’s everyone’s responsibility to identify, correct, and prevent it.

Anyone can commit FWA—individual providers, provider groups, clinics, hospital facilities, employers, and members.

FWA takes many forms, such as:

• Billing for services that weren’t provided.
• Charging for a service that was more complex than what was provided.
• 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**

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. They may also be charged with paying three times the amount of damages that the federal government sustains because of the false claim.

**Hawaii False Claims Act**

This act penalizes people and organizations (such as HMSA) for:

• Submitting a false claim for payment to an officer, employee, or agent of the state.
• Making or using a false record to get paid for a false claim.
• Conspiring to make a false claim or get paid for one.
• 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 fined.

**Stark Law**

This law prohibits physicians from referring patients for designated health services payable by Medicare to other entities that have direct or indirect financial relationships with the physician.
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 include:

- A dishonest act.
- Forgery or alteration of any official HMSA document.
- Misappropriation or misuse of funds, supplies, or other HMSA assets.
- Impropriety when handling or reporting money 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.
- 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 or Benefits Integrity right away. Benefits Integrity is the special investigations unit that’s dedicated to detecting and addressing FWA. The department investigates complaints, conducts proactive reviews, and raises awareness of FWA.

If you’re aware of an internal fraud and don’t report it immediately, 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, you must conduct your business fairly, with integrity, and consistent with applicable state and federal laws. Also, if you work directly or indirectly on government contracts, you must know and comply with all the terms of the contract and related state and federal laws and regulations.

Depending on the 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 or state Department of Human Services employee. Please follow our gifts and entertainment policy when offering anything of value to HMSA employees and to individuals and entities outside of HMSA.

Even if you have your own code of business conduct, you must follow 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.

**Protection for whistleblowers**

The federal False Claims Act and Hawaii Whistleblower Protection Act (HWPA) both include a *qui tam* or “whistleblower” provision. They protect people from retaliation that might result from filing a lawsuit, investigating a claim, or providing testimony for alleged false claims or False Claims Act violations. Under 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.

**Q:** My job at HMSA involves processing claims. I noticed that a provider submitted several suspicious claims for the same patient. What should I do?

**A:** Report your suspicions to your manager, the C&E, or Benefits Integrity.

**Other Regulatory Requirements**

**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.

**Marketing to Medicare beneficiaries**

When we market to Medicare beneficiaries, we must follow rules from 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 who support Medicare products must complete online training on Medicare fraud, waste, and abuse during the annual Code of Business Conduct online training.

For more information about CMS marketing rules, contact Medicare Programs.

**Discrimination provisions (Section 1557) of the Affordable Care Act**

Section 1557 of the Affordable Care Act (ACA) prohibits HMSA from discriminating against any person on the basis of race, color, national origin, sex, age, or disability in health programs and activities.
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 individuals with disabilities in employment.
- Treating qualified individuals without discrimination on the basis of their disability in all business practices.
- Review 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’ll be subject to disciplinary action, which may include termination of 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’ll be immediately suspended without pay pending an investigation and final decision on disciplinary action, which may include 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, talk to your department head or the Equal Employment Opportunity (EEO) compliance officer in Human Resources.
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.

Jan L. Henry
Compliance & Ethics Officer
I. The Purpose

HMSA continues to conduct 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, 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 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 changes in policies or procedures necessary to prevent recurrences of a violation.

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

This policy is applicable to all HMSA employees and others as described below. The C&E Program is designed to ensure that employees understand the Code and that all questions and concerns related to the Code are answered or resolved promptly.

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

HMSA encourages employees to report all potential noncompliance with the Code or C&E Program. The C&E Program details a variety of ways to report such noncompliance, protecting confidentiality when 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 employee, contractor, or other individuals

HMSA employees, officers, board members, non-employees (such as temporary agency hires, consultants, and contractors), vendors, partners, and other individuals working on behalf of HMSA will receive a hard copy of the Code and/or receive access to an electronic, printable copy. They’ll be required to sign an acknowledgment form that includes a statement that the individual has read, understood, and agrees to comply with the Code. The form must be signed annually and returned to the C&E Officer.
2. New employee, Board member, and non-employee engagement orientation

Each new employee, board member, and non-employee (such as temporary agency hires and contractors), and other individuals working on behalf of HMSA will receive a copy of the Code and the related policies and/or receive access to an electronic, printable copy and acknowledgment forms to sign and return to the C&E Officer. The forms must be signed and returned to the C&E Officer stating that they’ve read, understood, and agree to abide by the Code and related policies. A discussion of the Code and initial training has been included in new employee, board member, and non-employee engagement orientation programs. Training on the Code and related policies (such as Medicare fraud, waste, and abuse and model of care) must be completed within 90 days of hire.

3. Consultants, agents, and vendors

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 must also sign an acknowledgment form stating that they have read, understood, and agree to abide by the Code. Also, the C&E Officer annually distributes a letter and makes a copy of the Code available to 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) 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 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 must 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 employees 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 submit 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 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 will make best efforts to provide a response to the employee within 10 working days of the time the question was posed.

If an employee reports a possible violation of the Code, the C&E Officer will contact the employee within 10 working days and report the actions that are being taken. When the misconduct has been resolved, C&E will let the employee who made the report know about the resolution.

III. Reporting System

A. C&E Officer and supervisors or managers

Employees are encouraged to ask their supervisor, manager, or the C&E Office questions about the Code. Everyone has an obligation to report any violation of the Code or program. To that end, employees may report any activities they believe are unethical, illegal, or a violation of HMSA policy to their supervisor or manager or the C&E Officer. Subsequently, the supervisor or manager must report the activity 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 activities that concern them. The C&E Officer is available to discuss the propriety of employee conduct and the requirements of HMSA’s policies and procedures.

B. C&E hotline

1. 24-Hour availability

Call HMSA’s toll-free C&E hotline at 1 (800) 749-4672 to report questionable conduct and receive questions about the Code. You can call this hotline 24 hours a day, seven days a week. HMSA will regularly and frequently publicize the hotline.

2. Anonymity

Callers can remain anonymous. Reports may also be made in any manner that effectively communicates enough information that allows 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 will 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 will prepare a written description of each employee report received, evaluate the report’s veracity and seriousness, and conduct preliminary investigation as necessary to see what further action is required.

b. Decision on further action

The C&E Officer will 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 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 will promptly forward the description to the senior officer in charge of C&E; if that is not feasible, the C&E Officer will forward the description to the CEO or to the chair of the A&C Committee.
d. Response to reporting the employee
When an investigation is completed and whenever possible, the C&E Officer will let the reporting employee know of the resolution verbally 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 will include the original report that the employee filed, a description of the evaluation and conclusion, and the corrective or remedial action taken.

IV. Disciplinary Actions
The C&E Officer will 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 individual's personnel files.

To determine 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 consider factors such as:

• 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 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 of their employees the content and application of the Code and available reporting channels;
• Inform each employee that strict compliance with the Code is a condition of employment; and
• Inform each 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; the results are shared with the A&C and C&E committees.