



# The Beacon

## Capital Health Plan's Compliance Program

Guiding Ethics & Integrity



[www.capitalhealth.com](http://www.capitalhealth.com)

Table of Contents

Message from the Chief Executive Officer (CEO)..... 4
Our Commitment ..... 5
The Beacon Program..... 5
Fundamental Elements of the Beacon Program ..... 5
Implementing Written Policies, Procedures, & Standards of Conduct ..... 5
Designation of a Compliance Officer & Compliance Committee ..... 6
Conducting Effective Training & Education..... 6
Developing Effective Lines of Communication..... 6
Conducting Internal Monitoring & Auditing ..... 6
Enforcing Standards Through Well-Publicized Disciplinary Guidelines ..... 6
Responding Promptly to Detected Offenses & Undertaking Corrective Action ..... 7
Fraud, Waste, & Abuse (FWA) ..... 7
Administration of the Beacon Program ..... 7
Background & Organization ..... 7
Monitoring Responsibilities of the Compliance Officer ..... 8
Dissemination of Information ..... 9
Compliance Policies ..... 9
Training Programs ..... 9
Reporting of Violations ..... 10
Code of Conduct ..... 11
Business Conduct Policies ..... 11
Corporate Policies ..... 11
General Business Conduct ..... 12
Management & Individual Responsibility ..... 12
Interpretation..... 12
Conflicts of Interest..... 12
Use of Company Funds & Assets..... 14
Proper Accounting ..... 14
Safeguarding Information as an Employee of CHP ..... 14
Confidential & Proprietary ..... 14
Basic Guidelines Regarding Confidential & Proprietary Information..... 15

Protected Health Information.....	15
Computer Data.....	15
Specific Guidelines Regarding Requests for Information.....	16
Agreement Regarding Confidential & Proprietary Information.....	16
Self-Dealing; Use of Inside Information .....	16
Government & Competitive Information.....	16
Policies Governing Business Relationships & Transactions .....	17
Receipt of Gifts, Gratuities/Favors, or Entertainment .....	17
Use of Bribes, Kickbacks, Gifts, Gratuities, or Entertainment.....	17
Gratuities & Government Employees .....	18
Contracts .....	20
Procurement of Goods & Services .....	20
Travel & Business-Related Expenses.....	20
Software Piracy .....	20
Antitrust .....	21
Documentation of Health Care Practices.....	21
Specific Rules and Guidelines, Price-Fixing .....	21
Marketing Allocation and Other Agreements Restraining Trade.....	22
Advertising/Promotion of CHP Products & Services.....	22
Standards of Conduct Related to Medicare Marketing .....	23
Standards of Conduct Relating to Physician Incentive Plans .....	23
Contract Negotiations.....	23
Fiduciary Breaches & Prohibited Transactions Under ERISA .....	24
Recording & Reporting Information.....	24
Reporting Information to the Government .....	24
Accurate Record-Keeping.....	24
Computer Data & Programs.....	25
Retention of Records .....	25
Political Activity & Charitable Contributions.....	25
Political Activity.....	25
Charitable Activity.....	26
Policies Governing Work Environment & Employee Relations.....	26
Safety, Health, & Environmental Protection.....	26

Employee Relations – Equal Employment Opportunities .....	27
Disclaimer .....	29
Disciplinary Actions .....	30
Responsibility & Reporting of Concerns.....	30
Reporting Without Fear of Reprisal or Retaliation.....	31
Confidential Reporting .....	31
Information Needed When Making a Report .....	31
Fraud, Waste, & Abuse .....	31
What is Fraud, Waste, & Abuse? .....	31
Most Common Coding & Billing Issues .....	32
Fraud, Waste, & Abuse Awareness Reporting and Prevention .....	32
How to Report Fraud, Waste, & Abuse .....	33
Investigation Process .....	33
Identity Theft Prevention .....	33
Red Flag Rule.....	33
Why Ethics, Integrity, & Compliance Count.....	34
Ethical Decision-Making.....	34
Appendix .....	36
Compliance Posters.....	36

## Message from the Chief Executive Officer (CEO)



**Sabin Bass, CEO  
Capital Health Plan**

I am pleased to share with you Capital Health Plan's *Beacon Program* – our Compliance Policies and Standards of Conduct. The program outlines our commitment to ethical business conduct and compliance with the laws, regulations, and other requirements under which Capital Health Plan (CHP) operates. We call it the *Beacon Program* because it is a navigational tool we all can use to apply and maintain the highest standards of ethical conduct in our business practices. Throughout this document, you will gain the knowledge you need to make informed, fair business decisions entrusted to you by the Company. Please review this document carefully, and raise any questions you may have with our Compliance Officer.

The *Beacon Program* demonstrates our commitment to compliance and ethics by ensuring that all of us are aware of the legal and ethical rules of accepted business practices and by providing us with ways to report suspected violations through Company channels. The federal government and the State of Florida have entrusted CHP with the administration of these health care contracts, and it is imperative that CHP's directors, officers, and employees meet the government's expectations for honesty and fair dealing. In addition, all of us must safeguard information entrusted to CHP by the government and identify, avoid, and mitigate any conflicts of interest that may arise between CHP's government contracts and any other interest.

Our obligation to comply with the *Beacon Program* does not end with our own individual compliance. We have an equal responsibility to report any activities we believe to be improper, unethical, or counter to the Company's values. Without diligent application of these business values, we could find ourselves and the Company at risk for legal and other consequences.

We have established several resources to help you raise concerns or report possible violations of these business conduct policies. You may speak to the Compliance Officer, your supervisor, or to me directly. A special telephone hotline has been installed for employees to ask questions and report violations 24/7 at **850-383-3566**.

Thank you for supporting the *Beacon Program*. CHP's continued success and our future depend on your commitment and diligent attention to this effort.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Sabin Bass". The signature is fluid and cursive.

Sabin Bass  
Chief Executive Officer

## Our Commitment

Capital Health Plan (CHP) has a deep commitment to advance a corporate culture guided by the highest standards of integrity and ethical business conduct and is exemplified by our steadfast commitment to compliance with all applicable laws and regulations. This commitment extends as well as to our members and community partners with the core foundation centered around each employee embodying our three major corporate statements:

### Our Vision Statement

Nationally Recognized Quality, Locally Trusted, and Affordable Health Care.

### Our Mission Statement

As a not-for-profit HMO, we exist to improve the health of our communities by providing high quality, comprehensive health plans with low administrative costs, through primary care focused, patient-centered healthcare.

### Our Values Statement

We expect every Team Member to share our values and be:

- Customer Service (compassionate & professional)
- Continuous Improvement (Engaged & Innovative)
- Teamwork (Responsible & Accountable)
- High Performance (Dedicated to Excellence)

Compliance is a core competency at CHP. Strengthening compliance, not only reinforces our Vision, Mission, and Values, but it also provides us with a competitive advantage in the marketplace.

You, too, are expected to help us live up to that commitment.

## The Beacon Program

The *Beacon Program* serves as CHP's compliance and ethics program. The program is designed to educate all company board members, employees, temporary employees, contractors, and FDRs of the company on ethical behavior in the workplace.

### Fundamental Elements of the Beacon Program

This document contains the fundamental elements of an effective compliance program. While this summary is not intended to be all-inclusive of the scope of CHP's compliance program, it is designed to present a high-level overview of the compliance elements currently in place.

Please call the Compliance Department at **850.523.7299** with questions regarding this material.

### Implementing Written Policies, Procedures, & Standards of Conduct

CHP's Compliance Code of Conduct and associated policies are found in the *Beacon* located on the intranet with related compliance policies, which can be viewed, emailed, or printed. A copy is issued to all workforce upon hire and upon request. Additional clarifications regarding compliance guidance are issued in various CHP communications which may include:

- *Network News* – CHP’s publication to our provider network
- *Healthline* – CHP’s publication to our members
- *The Source* – CHP’s publication to our employees
- Email

### Designation of a Compliance Officer & Compliance Committee

CHP implemented the role of a Compliance Officer in November 1999, and a Compliance Committee chaired by that Officer since December 1999. The committee meets regularly throughout the year and the meetings are announced in *The Source*. Additional information regarding responsibilities of the Compliance Committee and/or the Compliance Officer are found in the *Beacon*.

### Conducting Effective Training & Education

Compliance training is a combination of classroom, one-on-one, and computer-based training. All new members of CHP’s workforce generally receive their training on their first day of employment, and no later than their first week. Compliance training is also required for some temporary staff, students, and consultants.

Thereafter, compliance training is an annual event with assignments corresponding to the employee’s job responsibilities and associated risks. Successful training completion requires a minimum score of 80% and all workforce are required to meet this standard. The training material is reviewed on an ongoing basis by the Compliance Department and is shared with the Compliance Committee.

### Developing Effective Lines of Communication

The Compliance Department has an open-door policy and encourages visitors with concerns. Other means of communication include email, mail, and phone access. There is a dedicated 24/7 Compliance Hotline at 850.383.3566 available for anonymous reporting.

The responsibility to report any violations of CHP’s compliance policies is explained in the *Beacon Program*, as well as the Non-Retaliation policy for good-faith reporting of suspected violations. Annual compliance surveys, evaluation inquiries, and exit interviews are also communication tools employed by the Compliance Officer.

### Conducting Internal Monitoring & Auditing

CHP’s Compliance Department interacts with all departments and oversees all facets of the organization to ensure adherence to the moral, ethical, legal, and regulatory standards that govern our industry. Various reporting tools and collaborative efforts are employed in the oversight process. Research, analysis, auditing, and monitoring of internal/external stakeholders occurs to ensure organizational compliance with all relevant laws and regulatory requirements on both state and federal levels. Reports and findings are shared with the Compliance Committee, Audit Committee of the Board, and any other relevant workgroups or parties.

### Enforcing Standards Through Well-Publicized Disciplinary Guidelines

Compliance standards enforcement is the responsibility of all CHP management. Compliance with the *Beacon Program* is expected of all members of the workforce. Failure to comply will result in disciplinary action up to and including termination.

## Responding Promptly to Detected Offenses & Undertaking Corrective Action

CHP's *Beacon Program* requires timely investigation of any reported violations and appropriate disciplinary action as referenced in this document, personnel policies, and the Fraud, Waste, & Abuse Awareness and Reporting Policy.

### Fraud, Waste, & Abuse (FWA)

The detection, correction, and prevention element for CHP compliance is reflected in the **Fraud, Waste, & Abuse Awareness and Reporting Policy** found on our intranet, public website, and in the *Beacon Program* document. This policy is part of workforce orientation during initial on-boarding at CHP. FWA awareness and reporting expectations are part of the initial and annual computer-based compliance training provided to all staff. Fraud Awareness training is also provided on-site by the Florida Blue Special Investigations Unit. This FWA policy and required CMS training is distributed to our Network and downstream entities. Various communications including remits, *Network News* articles, internet website postings, and annual attestation requests are all utilized in this process. Various reporting vehicles are employed to assist in the ongoing battle with FWA. The combatting of FWA is a collaborative effort among the Compliance Department, Internal Audit Department, the SIU, operational areas, and our PBM. The effort is further strengthened by the Compliance-led FWA Workgroup, Compliance Committee, as well as the Audit Committee of the Board. All relevant findings are shared with the SIU, CMS/the MEDIC, law enforcement, and other pertinent entities where applicable.

## Administration of the Beacon Program

CHP is committed to conducting its business with integrity and in accordance with all federal, state, and local laws and regulations to which its business activities are subject. This includes all products, both commercial and Medicare as well as all products within the Marketplace. Regulatory monitoring occurs and work plans are updated to ensure Compliance with CMS and Marketplace requirements. It is the long-standing policy of CHP to prevent the occurrence of unethical or unlawful behavior, to halt such behavior as soon as reasonably possible after its discovery, to discipline employees who violate CHP policies, including individuals responsible for the failure to report or detect a violation, and to implement changes in policy and procedure necessary to prevent recurrences of a violation.

Below is an overview of how CHP administers the *Beacon Program*.

### Background & Organization

The aim of CHP's *Beacon Program* is to integrate the standards of conduct into the daily business activities of CHP through education, training, investigation, detection, and reporting. To fulfill this aim, the Board of Directors has created the position of the Compliance Officer to coordinate activities and assist management in the implementation of the *Beacon Program* and to oversee compliance activities.

The Compliance Officer shall report directly to the CEO and the Board of Directors. The Compliance Officer shall have direct access to the Board at any time and shall provide reports at least annually to the Finance Committee with respect to the *Beacon Program* generally, as detailed hereafter.

CHP is committed to establishing an environment that encourages and allows employees to seek and receive prompt guidance about any questions they have concerning the *Beacon Program* or what constitutes a violation of the Program or any local, state, or federal rule/regulation.



The designation of the Compliance Officer in no way diminished the responsibility of any employee to comply with all CHP policies and procedures. Nor does it diminish any supervisor's responsibility to ensure that those employees for whom the supervisor has responsibilities to comply with the *Beacon Program* and related laws, regulations, and policies. The company requires all of its employees to comply with the compliance program and related laws, regulations, and policies. Failure to comply will subject an employee to disciplinary action.

All CHP employees shall report all potential non-compliance with the *Beacon Program*. The program details a variety of means to report such non-compliance, protecting confidentiality where appropriate. No individual's position or influence is considered to be more important than the goal of institutional integrity. Reporting employees shall not be subject to any reprisal for a good-faith report of a suspected violation of the *Beacon Program*. Employees reporting any suspected violation of the *Beacon Program*, absent compelling circumstances, will not be granted any immunity for their participation in any violation. A reporting employee may be subject to disciplinary action for his or her participation in a violation.

### Monitoring Responsibilities of the Compliance Officer

The primary responsibilities of the Compliance Officer shall include:

- Overseeing and monitoring the implementation of the *Beacon Program*
- Reporting on a regular basis to the Board, the CEO, and the Compliance Committee on the progress of implementation, and assisting them in establishing methods to improve efficiency and quality of services, and to reduce vulnerability to fraud, waste, and abuse
- Periodically revising the program in light of changes in the organizational needs and in the law and policies and procedures of government and private payer health plans
- Developing, coordinating, and participating in a multifaceted education and training program that focuses on the elements of the *Beacon Program* and seeks to ensure that all appropriate employees and management know and comply with pertinent federal and state standards
- Monitoring federal antidiscrimination laws to ensure that CHP continues to observe the provisions of the Civil Rights Act, Age Discrimination Act of 1975, Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA). The Compliance Officer routinely reviews the U.S. Department of Health and Human Services' Office of Civil Rights website, and communicates new laws and/or requirements to CHP's Senior Management Team for information or action, if necessary
- Ensuring that the National Practitioner Data Bank and Cumulative Sanction Report have been checked with respect to all employees, providers, vendors, and independent contractors as required. The Compliance Officer shall take such other actions as are necessary and appropriate to implement and improve the *Beacon Program*
- Prepare reports for submission to governmental agencies with advice and approval of legal counsel when appropriate
- Coordinate with Internal Audit on periodic inspections and audits, including reviews of standard operating procedures, operational checks and balances, and management controls to identify problems and to recommend corrective actions. The Compliance Officer is to be promptly informed of all audits conducted by Internal Audit and outside entities. In addition, copies of all draft, final, and follow-up internal, government, or regulatory agency audit reports relating to

the company's compliance with laws, regulations, or standards of conduct (whether financial or non-financial) shall be provided to the Compliance Officer

- Oversee distribution of the *Beacon Program*
- Coordinate with Internal Audit to ensure that periodic reviews of internal checks and balances are performed to assure that no employee has complete autonomy in areas such as compliance, inventory control, purchasing, and disbursement of funds.
- Institute and maintain a system for reporting and investigating suspected violations involving employee fraud, improper payment or receipt of money or items of value, or antitrust or environmental law
- Review areas of vulnerability in company procedures or policies demonstrated by detected offenses or identified in comments from directors, managers, and employees to initiate modifications as needed to the *Beacon Program* or company policies to prevent further occurrences

### Dissemination of Information

A critical aspect of the *Beacon Program* is the effective communication of the Program and related policies to all employees.

### Compliance Policies

The Compliance Officer is responsible for establishing procedures to ensure that every employee is familiar with the *Beacon Program* and endeavors to abide by it. These procedures include the following:

- All current employees and every newly hired employee will be given a copy of the *Beacon Program*. Within 30 days of receiving this material, the employee shall sign an acknowledgement stating that he or she has reviewed the document, will take part in the *Beacon Program*, and agrees to abide by its terms.
- The Compliance Officer is responsible for ensuring that this documentation is retained.
- The Compliance Officer shall cause to be posted in prominent places accessible to all employees a notice that summarizes important aspects of the *Beacon Program*, including:
  - The company's commitment to comply with all applicable laws and regulations and the standards of conduct set forth in the *Beacon Program*
  - The identity of those by whom reports of suspected violations can be made
  - That the Compliance Officer will oversee investigations of suspected violations as appropriate
  - That any company employee found to have engaged in misconduct will receive prompt and appropriate discipline, up to and including termination
  - The identity of persons to whom an employee can ask questions concerning the *Beacon Program*

### Training Programs

The Compliance Officer, in coordination with Supervisors, Directors, and Senior Managers, is responsible for overseeing and coordinating all training of employees to comply with the *Beacon Program*. Training procedures shall, at a minimum, consist of the following:

- All employees will receive, review, and sign, within 30 days of their employment with CHP, an acknowledgement stating that they have received and reviewed the *Beacon Program*.

- Each supervisor will ensure that employees under his/her supervision receive training and retraining in all *Beacon Program* and related policies upon employment and annually.
- The Compliance Officer may assist in the preparation and presentation of these training sessions.
- The Compliance Officer is responsible for instituting procedures for documenting the attendance of employees at training sessions and retaining such records for 5 years. Managers are responsible for complying with these procedures.
- Educational materials specifically prepared to implement the *Beacon Program* will be reviewed at each training session.

### Reporting of Violations

CHP is committed to the policy that all employees have an obligation to report any violation of the *Beacon Program* to their supervisor, the Compliance Officer, CEO, the Compliance Hotline at 850-383-3566, or by contacting the Florida Blue Special Investigations Unit (SIU) at 1-800-678-8355. Supervisors who receive information about any potential violation involving employee fraud, improper payment or receipt of money or items of value, or antitrust of environmental law must immediately report that information to the Compliance Officer.

Employees reporting a suspected violation of the *Beacon Program* shall not be subject to any reprisal for a good-faith report. Employees reporting a suspected violation, absent compelling circumstances, will not be granted any immunity for their participation in a violation. Any employee's reporting of a suspected violation may be subject to disciplinary actions for his/her participation in a violation.

To achieve these objectives, the Compliance Officer is responsible for ensuring that the following practices and procedures are implemented and publicized in writing to all employees:

- Employees may consult their supervisor, the Compliance Officer, or call the Compliance Hotline with any questions regarding the Compliance Program.
- Employees should contact the supervisor, Compliance Officer, or Compliance Hotline to report any suspected violation of the *Beacon Program* or related laws, regulations, or policies. Supervisors who receive such reports of suspected violations involving employee fraud, improper payment or receipt of money or items of value, or antitrust or environmental law must promptly report the information to the Compliance Officer. Employees shall not be subject to any reprisal for a good-faith report of a suspected violation of the *Beacon Program* or related laws, regulations, and policies. Employees reporting a suspected violation, absent compelling circumstances, will not be granted any immunity for their participation in any violation. An employee's reporting of a suspected violation may be subject to disciplinary action for his/her participation in a violation.
- The Compliance Officer is responsible for periodic review of all reports received by the Human Resources Department of suspected violations of the *Beacon Program* or related laws, regulations, and policies. The Compliance Officer will institute investigations of the suspected violations when the Compliance Officer deems it appropriate. A Special Investigations Unit will provide support to the Compliance Officer for such investigations as needed. The Compliance Officer may access any employee personnel files and other confidential information that pertains directly to an investigation.
- The Compliance Officer will establish and publicize the *Beacon Program* Hotline that permits

reporting violations of the program. The system should also be available to answer questions regarding the *Beacon Program*.

## Code of Conduct

The Code of Conduct is an important part of the *Beacon Program*. It provides guidance on applying CHP's commitment to integrity and ethical business conduct, and to day-to-day business situations and activities. The Code of Conduct supplements CHP's policies and procedures. See CHP's Intranet Homepage/Compliance Tab for specific guidance.

***The Code of Conduct applies to all CHP board members, senior managers, employees, temporary workers, contracted workers, and FDRs. You are required to read, understand, and comply with the Code of Conduct and all company policies and procedures.***

## Business Conduct Policies

At CHP we are committed to the principles of honesty, integrity, and fairness in everything that we do, so that our activities reflect positively on those we serve and on CHP. The purpose of these Compliance Policies and Standards of Conduct, which are collectively referred to as the *Beacon Program*, is to provide basic guidance on the principal ethical and legal rules that affect CHP's activities in order to bring to the attention of all directors, officers, employees, and those with whom they do business the principles to be followed in business relationships.

The *Beacon Program* applies to all CHP directors, officers, employees, and other workforce members (i.e. temporary workers, students, consultants, and contract workers). CHP's ethical conduct is the very core of how we do business. It is essential that this *Beacon Program* become the basis for all our business relationships. Ethical conduct by all CHP management, employees, and other workforce members will enable the company to fulfill its goals as outlined in our mission statement below:

***Capital Health Plan's purpose as a non-profit HMO is to provide the people in Leon and surrounding counties with high-quality, affordable health care that:***

- ***Focuses on delivery of evidence-based medical care under the direction of primary care physicians in an effective, timely, and cost-efficient manner***
- ***Emphasizes low administrative costs and ethical business practice***
- ***Is proactive and innovative in its quest to continually improve the health of the community***

## Corporate Policies

This document does not cover all of CHP's policies or include all details regarding any policy. More detailed policy statements and procedures referenced in this document are available upon request from the Compliance Officer. Where any provision of this document conflicts with a previously established policy of the company, the provision of this document will supersede and apply to the situation. A CHP director, officer, or employee who has any questions about how to resolve such a conflict should consult with (as applicable) his/her supervisor, the Compliance Officer, or Chief Executive Officer.

Nothing contained in this document constitutes a contract of employment. Neither this document nor any part of the *Beacon Program* should be construed by any current or prospective director, officer, or employee of CHP as creating an expressed or implied contract of employment or continued employment with CHP. Circumstances will require the policies included in this document to be changed from time to

time. Consequently, CHP reserves the right to modify them as it deems appropriate and revisions will be distributed to directors, officers, and employees.

### General Business Conduct

The *Beacon Program* reaffirms and continues a long-standing CHP policy that CHP directors, officers, and employees must conduct business morally, ethically, and in conformance with applicable laws in all places and at all times. No CHP director, officer, or employee should attempt to use outside agents or other indirect means to violate or circumvent applicable laws and regulations or the *Beacon Program*.

### Management & Individual Responsibility

Each member of CHP management is responsible for making sure the employees under his/her supervision are aware of and comply with the provisions of the *Beacon Program*. Each supervisor is responsible for practicing diligent supervision to ensure the ethical business behavior of his/her subordinates. Each member of CHP management must create a work environment in which compliance is expected and encouraged and in which there are no suggestions that violations might benefit CHP or a CHP employee's career.

Each director, officer, employee, and workforce member also has direct personal responsibility for following provisions of the *Beacon Program* and taking the initiative to seek help or clarification to avoid unethical or illegal business conduct. CHP directors, officers, and employees are encouraged to review this document on a regular basis, so that employees can incorporate these standards into their daily practice.

No CHP director, officer, employee, or workforce employee should ever be expected, encouraged, or allowed to violate any law, and no director, officer, employee, or workforce member should ever believe that breaking the law in an attempt to help CHP is an indication of loyalty. To the contrary, the greatest loyalty that a director, officer, or employee can demonstrate to CHP is his/her unfailing attention and adherence to the laws of the land. Many of the laws that govern CHP's business practices are complicated and confusing and may conflict with what a director, officer, or employee considers ethically or morally acceptable. The *Beacon Program* is designed to provide guidance to directors, officers, and employees on laws applicable to CHP's business so that they will be equipped to make the decisions entrusted to them by the company without exposing themselves or the company to civil or criminal liability.

### Interpretation

If a director, officer, or employee has any questions interpreting or applying the guidelines set forth in the *Beacon Program* or is doubtful about the propriety of some action, it is the individual's responsibility to consult (as applicable) with his/her supervisor, the Compliance Officer, or the Chief Executive Officer.

### Conflicts of Interest

CHP employees must avoid situations where their personal interests could conflict or reasonably appear to conflict with the interests of CHP. A conflict of interest occurs whenever an employee permits the prospect of direct or indirect personal gain to influence improperly his judgment or actions in the conduct of company business.

Thus, direct or indirect participation by an employee or a member of the employee's immediate family in any arrangement, agreement, investment, employment, consultation, contract, or other activity that

could result in personal benefit at the expense of CHP's interest must be avoided. In addition, employee relationships with other business entities that raise questions as to whether the employee can act solely and totally in the best interests of CHP must be avoided.

With the growth in two-career families and expansion in the industry, a CHP employee may be confronted with the situation where his/her spouse, another member of the employee's immediate family, or someone close to the employee is a competitor or supplier of CHP or is employed by a competitor or supplier of CHP. The closeness of the relationship might lead an employee to inadvertently compromise CHP's interest. A situation, however harmless as it may appear to the employee, could raise suspicion among associates that might affect working relationships. The very appearance of conflict of interest can create problems regardless of the behavior of the CHP employee involved.

While it is impossible to list every possible conflict of interest, the following situations are considered to have the potential of raising a conflict of interest:

- An individual takes a leadership or fiduciary position in an organization that currently competes with or is a potential competitor of CHP or one of its subsidiaries or affiliates.
- An employee enters into a business relationship with another person or business entity that may cause the employee to disclose information that is considered confidential or proprietary to CHP, its subsidiaries, or affiliates.
- An employee becomes involved in another business relationship that requires such personal time or commitment that performance of the employee's duties to CHP suffers.
- An employee or members of his family accepts gifts, excessive or unusual entertainment, or other favors from any person or firm which does, or is seeking to do business with, or is a competitor of CHP under circumstances from which it might be inferred that such action was intended to influence the individual in the performance of his/her duties. This does not include the acceptance of items of nominal or minor value that are of such a nature as to indicate that they are merely tokens of respect or friendship and not related to any particular transaction.
- An employee enters into a business relationship with any person or business entity providing service to CHP, its subsidiaries, or affiliates or its contract holders, such as a hospital, physician, or vendor.

All employees have an ongoing affirmative duty to bring to the attention of their supervisor, the Compliance Officer, or the Compliance Hotline about any situation which may create an actual or potential conflict. Any employee who is in doubt regarding whether a situation creates an actual or potential conflict is required to bring the situation to the attention of his/her supervisor. The employee's supervisor shall consult with the Compliance Officer to assess the nature and extent of any concern and how it should be resolved. Should a determination be made that an employee's activity poses a potential conflict of interest, the Compliance Officer must be consulted to determine the appropriate action to be taken, including the possibility of the employee removing or excusing himself/herself from the CHP activity which poses the conflict.

All officers and all employees are required, upon hire and on an annual basis, to complete and sign a Conflict of Interest Disclosure Statement. Members of CHP's Board of Directors are also required, upon election to the Board and on an annual basis, to complete and sign a Conflict of Interest Disclosure Statement.

## Use of Company Funds & Assets

CHP's assets are to be used solely for the benefit of the company. CHP employees are responsible for assuring that company assets are used only for valid company purposes. Company assets include equipment, inventory, corporate data, concepts, business strategies and plans, financial data, and other information about CHP business. These assets may not be used to provide personal gain for CHP employees or others. CHP employees may not transfer any company assets to other persons or entities, except in the ordinary course of business.

## Proper Accounting

CHP maintains a system of internal controls which it believes provides reasonable assurance that transactions are executed in accordance with management's authorization and are properly recorded in accordance with appropriate accounting, which includes written policies and procedures and examination by a professional staff of auditors. All CHP employees are expected to adhere to these policies and to cooperate fully with internal and external auditors.

All company payments and other transactions must be properly authorized by management and be accurately and completely recorded on CHP's books and records in accordance with generally accepted accounting policies. Employees may not make any false, incomplete, or misleading entries. No undisclosed or unrecorded corporate funds shall be established for any purpose, nor should company funds be placed in any personal or non-corporate account. All corporate assets must be properly protected and asset records regularly compared with actual assets with proper action taken to reconcile any variances.

## Safeguarding Information as an Employee of CHP

It is the individual responsibility for all CHP employees to safeguard information as outlined below.

### Confidential & Proprietary

During and subsequent to their employment with CHP, employees must appropriately safeguard the company's confidential and proprietary information. Confidential or proprietary information of CHP includes any information which is not generally disclosed and which is useful or helpful to the company and/or which would be useful or helpful to competitors of the company. Confidential information of CHP includes any sensitive or classified information to which an employee may gain access solely by virtue of his/her employment with CHP. Proprietary information includes information in which CHP has an ownership interest; this information is related to unique ideas or data generated from within the organization to help determine the course of decision-making by CHP. All state and federal legislation about privacy and confidentiality including, but not limited to, Graham-Leech-Bliley and HIPAA, will guide policies and procedures to safeguard this information.

Examples of confidential or proprietary information include, but are not limited to:

- Information about subscribers, for example confidential patient-identifiable medical information
- Information obtained from legal, personnel, or medical files
- Company planning and budgeting information
- Information regarding insurance claims
- Corporate negotiations of any nature
- Marketing and sales information that reveals the company's marketing strategies; information



marketing decisions with respect to particular offerings or information that reveal the company's assessment of the marketplace

- Data processing software or computer programs and/or processing techniques
- Trade secrets
- Information that could aid others, fraud or misuse of the company's products or services, or invasion of privacy
- Research information and/or data that would be of value of others
- Provider contracts and pricing arrangements

Any employee who has a question as to whether a particular matter is confidential or proprietary should contact his/her supervisor or the Compliance Officer.

#### Basic Guidelines Regarding Confidential & Proprietary Information

- The company proprietary information to which CHP employees may have access should be discussed with others within the company only when employees need to know the information for purposes of company business
- Disclosure of CHP's proprietary or confidential information to any individual or group outside of the company or its subsidiaries (other than marketing information ordinarily provided to our customers) and proprietary or confidential information provided to third parties who need the information to provide services to CHP should occur only after consultation with the Compliance Officer. When proprietary or confidential information is provided to third parties who need the information to provide services to CHP, confidentiality notices or agreements should be used whenever possible
- CHP employees must always be alert to inadvertent disclosures that may arise in either social conversations or in normal business relations with personnel outside of the company. An example of such contact is a questionnaire that CHP receives from a consulting firm, trade association, and competitor or from another Blue Cross and Blue Shield company that requests confidential or proprietary information

#### Protected Health Information

Special rules govern the release of protected health information (PHI) to persons outside of the company. The Compliance Officer and Chief Executive Officer may grant approval to release PHI to persons outside of the company. The recipient of PHI must sign appropriate indemnification and nondisclosure agreements approved by CHP in accordance with the current legislation regarding this protection. PHI may be released to any person or entity outside of CHP provided patient authorization to the release of PHI to an external entity has been received by CHP in such a form and substance as is acceptable according to CHP policies for the release of such information.

#### Computer Data

To maintain the maximum protection afforded to CHP's confidential and proprietary information, the company must strictly enforce provisions designed to safeguard the confidentiality of such information. For example, the integrity of the security provisions for CHP's computer data must be protected and used only by those authorized individuals to whom they were assigned. Every precaution must be taken to ensure that identification codes and passwords do not become available to unauthorized individuals. CHP's employees who learn of data system security violations should report such violations to their supervisors or to the Vice President of Information Systems or Compliance Officer.



### Specific Guidelines Regarding Requests for Information

If a CHP employee receives a request for more information from outside the company, he or she should not attempt to answer that request unless he/she normally would do so as part of his/her job responsibilities. If the CHP employee does not normally answer such requests as part of his/her job responsibilities, he/she should refer the person to the appropriate source within the company.

For example, if an employee receives a request for information or to conduct an interview from a law enforcement officer, the employee should refer the request to their supervisor or the Compliance Officer. An employee should also refer to the Senior VP of Clinical Operations or their designee, Compliance Officer, or Risk Manager, any such request from an attorney or agent who represents any other party having a potential adverse interest. Similarly, unless the employee has been authorized to talk to reporters, or to anyone else writing about or otherwise covering the company or industry, the employee should direct such persons to the Senior VP of Marketing and Administrative Services.

If an employee does not know to which department the questioner should be referred, the employee should ask his/her supervisor.

### Agreement Regarding Confidential & Proprietary Information

All CHP employees are required to sign statements upon employment at CHP, annually, and at the termination of their employment with CHP, acknowledging that they understand the company's policy on confidential and proprietary information, including the fact that their obligation to keep such information confidential continues after their employment with the company has ended. See CHP's HIPAA Privacy & Security Policies for more detail.

### Self-Dealing; Use of Inside Information

Occasionally, a CHP employee may acquire information that might benefit him/her personally, a CHP competitor, or some other person. A CHP employee might learn of certain financial information, for example, or be among the first to learn of a strategic business plan, a marketing plan, or other significant inside information. A CHP employee might also have inside information about advertising strategies, proposed acquisitions, or the operation of software systems.

Although CHP is not a publicly traded company, it deals with companies that are. It is a violation of the law for any person to buy/sell securities of a company while in possession of *inside* information regarding that company. *Inside* information is non-public information to which a reasonable person would likely attach significance in determining whether to buy or sell securities. CHP employees must not use, or pass on to use, such inside information in trading in a company's securities.

CHP employees are also prohibited from self-dealing, that is, using information gained through their employment at CHP to their own benefit. CHP employees are also prohibited from using such information to benefit someone outside of the company. This is true even if an employee leaves the company. The information belongs to the company, and not to any individual.

### Government & Competitive Information

CHP employees are prohibited from attempting to obtain, from any source, government information that is procurement-sensitive, or any information of a competitor in a government procurement where there is a reason to believe that the release or receipt of such information is unauthorized. Federal procurement integrity law specifically prohibits competing companies from soliciting or obtaining proprietary or source selection information during the conduct of procurement. Proprietary information

under the federal procurement integrity law is information included by a particular company in a bid or proposal and marked as proprietary.

Source selection information is information originated by the government to conduct a particular procurement. Any CHP employee who has questions concerning the procurement integrity law should consult with the Compliance Officer.

## Policies Governing Business Relationships & Transactions

Below are CHP's policies governing business relationships and transactions.

### Receipt of Gifts, Gratuities/Favors, or Entertainment

CHP employees and members of their families may not solicit or accept money under any circumstances from firms or individuals who are conducting or would like to conduct business with or who are competitors of CHP. In addition, CHP employees and members of their families may not accept from such firms or individual, monetary gifts that could be reasonably construed to be connected with CHP's business relationship with that firm or individual. Gifts include material goods, but also services, entertainment, promotional premiums on personal purchases of goods or services, advertising or promotional materials, gratuities, cash or cash equivalent, or any other personal benefit or favor of any kind.

This does not prohibit the acceptance of gifts of nominal or minor value (not to exceed \$25) that are of a nature as to indicate that they are merely tokens of respect or friendship and are not related to any particular transaction of which are customarily offered to others having a similar relationship with the firm or individual. For example, unless a specific law or regulation provides otherwise, a CHP employee can generally accept inexpensive advertising/promotional gifts or items, business meal, and/or other such appropriate infrequent forms of entertainment. A CHP employee cannot, however, accept any such item as a condition to conduct business with that supplier or customer or in exchange for providing preferential treatment.

If a CHP employee has any doubts about a particular situation, the employee should consult his/her supervisor or the Compliance Officer before accepting any money or gift item. If a CHP employee is offered money or gift(s), or if a gift arrives at either an employee's home or office, the CHP employee should inform his/her supervisor immediately. Appropriate arrangements will be made to return or dispose of the item and the supplier or customer will be informed or reminded of CHP's gift policy.

### Use of Bribes, Kickbacks, Gifts, Gratuities, or Entertainment

CHP employees are prohibited from offering to give or providing any bribe, kickback, or other valuable consideration to anyone (including customers or members of their family) in connection with the sale of any CHP health plan products and policies, in order to obtain preferential treatment, to secure or retain business, or otherwise solicit some benefit personally or for the company. Should any such payments be requested, the Compliance Officer should be contacted immediately in order to protect the company and employee. Company policy is to forego any business that can only be obtained by improper or illegal payments. It is entirely appropriate, however, to pay a commission to agents on insurance products sold through or by them.

CHP employees must not use gifts or excessive entertainment to improperly influence potential customers. CHP employees must market the company's insurance policies, products, and services on the

basis of price, quality, and service. In both commercial and governmental activities, certain common-sense exceptions apply to the general prohibition on providing gifts or entertainment. For example, unless some specific law or regulation provides otherwise, an employee can generally provide inexpensive promotional gifts or items valued at no more than \$25, business meals, and/or other appropriate, infrequent forms of entertainment.

Certain federal, state, and local governments and government agencies prohibit even nominal considerations. Standards for dealing with government employees, who represent government entities, including those who are customers of or who contract with CHP, are described in the next section.

### *Gratuities & Government Employees*

CHP employees must not bribe or give the impression of bribing any public employee by offering or promising anything of value with the intent to influence any official act, or because of the public employee's official position, that is not permitted by law. CHP never expects anything in return for the courtesies its employees extend to the customers, clients, and public employees with whom its employees conduct business. CHP employees should never act in a manner to suggest anything to the contrary. Public employees include all employees of any federal, state, or local government entity, whether that entity regulates CHP or purchases health plan products or policies from CHP. For example, school boards and public hospitals that purchase insurance policies from CHP are government entities.

### *Monetary Limitations on Gifts, Gratuities, and Entertainment for Government Employees*

The monetary limitations relating to gifts to government employees and officials imposed by federal, state, and local laws and regulation often apply to even modest expenditures. For example, Florida gift law prohibits persons from giving, directly or indirectly, a gift worth more than \$100 to many state and local government employees and officials; and requires CHP to report all gifts worth between \$25 and \$100 provided to these individuals by CHP employees in conjunction with CHP employees' employment responsibilities. Gifts subject to these requirements include such items as gift of tickets to an event or performance, or plants and flower arrangements.

Federal law imposes similar gift restriction and reporting requirements on persons giving items of value to federal employees. The general rule for dealing with government employees is that no CHP employee shall give, offer, or discuss offering a gift, favor, entertainment, transportation, loan hospitality, future employment with CHP, or any other tangible or intangible item (regardless of value) to any employee or representative of the United States government with whom CHP has to seeks to have any dealings, except as provided for by the particular federal office or agency's rules or regulations.

Some federal government agencies, such as the Centers for Medicare and Medicaid Services (CMS), have strict standards of conduct that prohibit their government employees from receiving even nominal considerations. CHP's employees much respect these agency standards even though it is the government employee's responsibility to interpret them and comply with them.

### *Expenditures on Behalf of CMS Employees*

CMS regulations, for example, prohibit its employees from receiving even expenditures of nominal or minor value. CHP employees should observe the following guidelines in providing nominal amenities to CMS employees.

CHP employees should not pay for a CMS employee's meal at a restaurant. CHP employees may offer a

CMS employee food or refreshment of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or on an inspection tour only if the CMS employee is properly in attendance and there is not a reasonable opportunity for the CMS employee to pay (i.e., a luncheon meeting at a company facility where there is no established method for payment).

CHP employees are not permitted to provide travel, accommodations, or subsistence to a CMS employee unless government or commercial travel and/or accommodations are not available; in such situations, the CMS representative must report the situation in writing to the appropriate government official.

Designated CHP employees may provide CMS representatives items such as pens, notepads, calendars, or similar items of nominal value, which promote CHP so long as the retail value of the particular promotional item is less than \$5 and the item is not offered for (and the offering will not be perceived as for) the purpose of influencing the CMS representative in the discharge of his/her duties.

CHP employees shall not attend any meeting or function other than approved public or industry association events when it is known that CMS representative(s) will be present at the meeting or function and no provision has been made for the CMS representative(s) to pay or share in payment for meals, prizes, and other arrangement incident to this meeting or function where such arrangements exceed refreshments of a nominal value offered to all attendees of the meeting. An exception to this occurs where the function is essentially or community activity (such as a little league luncheon or a garden club meeting) or a trade/industry function (such as a conference, tradeshow, or seminar) and is clearly open to the public generally or to the members of a broadly-defined class.

#### *General Guidelines to Follow Before Offering Any Gift/Gratuity to Any Government Employee*

Because the rules governing gifts and similar items can differ from one government agency and public entity to another, before offering any money, entertainment, or gift item to an employee of a government or public entity, including school boards and public hospitals as well as federal or state agencies, CHP employees must first determine the gift laws or regulations that apply to that government or public entity. Generally, this information is publicly available from the government or public entity's general counsel's office. A CHP employee can consult with the Compliance Officer to obtain such information.

In addition, if a CHP employee has any doubt about any situation involving offers of money, gifts, or entertainment, the employee should consult his/her supervisor or the Compliance Officer before offering any such item. Violation by individuals of the laws and regulations regarding gifts to the government employees could result in criminal and civil sanctions. Violation by an employee of any portion of this policy will result in appropriate disciplinary action up to and including termination of employment.

#### *Kickbacks & Rebates*

Purchase or sales of CHP's health plan policies, products, and services must not lead to employees or their families receiving personal kickbacks or rebates from CHP's customers or contractors. Kickbacks and rebates can take many forms and are not limited to direct cash payments or credits. For example, a CHP employee cannot accept cash payments from a particular doctor when a subscriber visits that doctor. Such practices are not only unethical, but are in many cases illegal.

#### *Other Improper Payments*

No payments or offer of benefit of any kind other than those expressly authorized by CHP may be made to customers or prospective customers as an inducement for them to buy CHP products. Only inducements expressly authorized by CHP and available to all customers in similar circumstances on an equal basis may be offered by CHP or its agents. The use of CHP funds or assets for any unlawful or unethical purpose is prohibited. Any payment, which is improper if made by an agent, consultant, or other third party on behalf of CHP is prohibited. The making of any payment to a third party for any purpose other than that disclosed on the payment documentation is prohibited.

#### *Employment of Government Officials or Employees*

CHP employees must consult with the Compliance Officer before negotiating or making any arrangement concerning prospective employment with any current or former government official or employees (1) where the government official or employee in his/her government position has participated on a matter involving CHP, or (2) where the government official or employee has been employed in a position with a government agency where he/she would have influenced, managed, or negotiated a current or potential CHP contract. Employment negotiations or arrangements with such government officials may be illegal.

#### *Contracts*

All contracts entered on behalf of CHP must be executed by the Company Officers. These officers are responsible for ensuring that such contracts are consistent with company policies and are in the officer's best business judgment, and in the best interest of the company. In addition, all contracts entered into on behalf of CHP must be reviewed and approved by the CEO.

#### *Procurement of Goods & Services*

Company policy requires that purchases of goods and services will be made on a competitive basis and will be based on quality, price, service, reliability, and other responsible criteria. In some instances, CHP purchases goods or services from a supplier who also buys policies, products, or services from CHP. This practice is normal and acceptable, but coercion expressed or implied, requiring suppliers to buy from CHP, is not. Company policy prohibits CHP employees from placing undue pressure or making threats on a vendor that imply the vendor must have CHP coverage or else CHP will not purchase goods or services from them. Purchases from suppliers must not be conditioned on sales of CHP health plan policies, products, or services through the exercise of market power or coercion.

#### *Travel & Business-Related Expenses*

Business expenses properly incurred in performing company business must be documented promptly with accuracy and completeness on expense reports. Expenses are to be reported within 30 days after return from business travel. Request for reimbursement of travel or business-related expenses are to be approved by the requestor's supervisor or the next higher level of management. Entertainment expenses incurred must have a business purpose, be reasonable and necessary for the accomplishment of the business purpose, and not be lavish or extravagant. Business meals involving potential customers or other individuals external to the company may not be charged to a line of business related to government programs or the Federal Employee Program.

#### *Software Piracy*

CHP uses a wide variety of computer software that is protected by various software licensing agreements and copyright laws. Accordingly, it is against CHP policy to permit the duplication and/or use of computer software outside the bounds set by the vendor. The penalties for violating licensing

agreements that prevent the unauthorized use or duplication of licensed software are severe. Employees who violate a licensing agreement may have personal liability.

The terms of licensing agreements vary, but they usually contain these points:

- Employees may not copy or modify software in any way without specific prior authorization. Some vendors allow copies to be made for backup purposes. However, in those instances, the agreement will explicitly say so. If an employee has any doubt, the employee should assume that the duplication is prohibited.
- Using the same software simultaneously on more than one machine is not permitted. It may only be used on a single machine.

Employees using mainframe equipment should be familiar with the terms of the individual contracts that generally govern software use on that equipment. The Compliance Office or CHP's CIO can assist employees with any questions about complying with CHP's policy on using software. See CHP's Computer Use and Security policies for more detail.

### Antitrust

One of CHP's goals is to become the low-cost producer in order to sustain a competitive advantage by managing the cost of health care and providing an added-value service. All actions by CHP employees to attain this goal must be consistent with antitrust laws, which are designed to protect competition. The antitrust laws prohibit such things as price-fixing, market allocation, group boycotts, price discrimination, tying, and monopolization. They also require scrutiny of certain mergers and acquisitions. The purpose of the antitrust laws is to prevent one business from gaining an unfair advantage and forcing other businesses out of the marketplace.

Penalties for antitrust violations can be severe. Violations of the federal and state laws may result in criminal as well as civic liability. Individual employees can go to jail and/or be sued personally for violating antitrust laws.

CHP employees are required to follow this antitrust policy to avoid even the appearance of anti-competitive conduct.

### Documentation of Health Care Practices

In the health care profession, companies impose many legitimate restrictions that may affect a provider's access to the marketplace. Managed care programs are pro-competitive because they stimulate competition among providers based on cost and quality.

CHP employees involved in policy decision-making relating to restrictions that may affect a provider's access to the marketplace should consult with the Compliance Officer and seek his/her assistance in analyzing the legality of a proposed policy or decision and in documenting the basis for the decisions made, when such decisions raise antitrust concerns.

### Specific Rules and Guidelines, Price-Fixing

One of the company's most important decisions is what to charge for its health plan policies, products, and services. CHP must make these decisions alone, without collaborating with any competitor. CHP employees must not engage in conduct, however innocent, that creates that impression. To avoid the possibility of misunderstanding or misinterpretation, CHP policy is as follows:

- No employee may create or participate in any understanding, agreement, plan, or scheme with any competitor concerning:
  - CHP prices or competitor's process
  - Price policies
  - Fees
  - The terms or conditions of sale of any service or product
- It does not matter whether the agreement is expressed or implied, formal or informal, oral or written. It is absolutely prohibited, and no employee shall enter into such agreement.
- No employee may exchange information or consult or discuss with competitors, any of the following:
  - Prices
  - Terms or conditions of sale
  - Any other competitive information

CHP employees must avoid any conduct that created the slightest perception that they have engaged in price-fixing. Many traditional business gatherings are fertile grounds for conduct that might be perceived as unlawful. Trade and professional association meetings, conventions, and seminars are of anti-trust concern, for example, because they are generally attended by competitors. Employees who attend these gatherings may not discuss prices or fees, whether during the formal meeting or during the social or entertainment portion of the gathering. If such discussions begin, CHP employees are required to leave immediately and make it clear why they are leaving.

### Marketing Allocation and Other Agreements Restraining Trade

As a general rule, certain types of understandings or agreements are suspect. These include agreements not to trade with others, and agreements not to trade or deal in particular territories which are not otherwise authorized by law. Agreements not to trade with others and not to trade or deal in particular territories may be unlawful whether they are written or unwritten, formal or informal, expressed or implied. It also does not matter whether they are made with a competitor or a customer. Certain federal and state regulations lawfully promote awarding business to certain historically disadvantaged minority groups.

CHP employees must consult with the Compliance Officer before entering into any agreement not to trade with others and not to trade or deal in particular territories.

### Advertising/Promotion of CHP Products & Services

All CHP advertising must be reviewed by the Senior VP of Marketing & Administrative Services and the CEO. CHP advertising should always be truthful and CHP employees must not make misrepresentations to anyone. If CHP employees make specific claims about the company's policies, products, or services, they should have a good-faith basis for those claims. CHP policies, products, or services should not be marketed in any way that might cause confusion between CHP's policies, products, or services and those of competitors. If a CHP employee believes that a customer or potential customer may have misunderstood him/her, the employee must promptly correct any misunderstanding. Similarly, CHP employees should be alert to any situation where a competitor may be attempting to mislead potential customers and inform their supervisor or the Compliance Officer of any such cases.

CHP employees should not disparage any of the products, services, or employees of any competitor. If CHP employees do compare CHP policies, products, or services against those of competitors, such



comparisons should be fair. Comparative advertising is subject to regulation and should, therefore, be cleared with legal counsel when deemed appropriate.

### Standards of Conduct Related to Medicare Marketing

When marketing to Medicare beneficiaries, all employees representing a plan offered by the organization shall observe all rules and guidelines on marketing issues by the Medicare CMS program and the Florida Office of Insurance Regulation (OIR). In particular, employees representing the organization are prohibited from engaging in any of the following activities when marketing to Medicare beneficiaries:

- Providing cash or other monetary rebates as an inducement for enrollment or otherwise. This does not prohibit explanation of any legitimate benefits the beneficiary might obtain as an enrollee of the organization, such as eligibility to enroll in a supplemental benefit plan that covers deductibles and coinsurances, or preventive services.
- Engaging in any discriminatory activity, for example attempts to recruit Medicare beneficiaries from high-income areas without making comparable efforts to enroll Medicare beneficiaries from lower-income areas.
- Soliciting door-to-door for Medicare beneficiaries.
- Misleading or confusing Medicare beneficiaries or misrepresenting any plan offered by CHP, its marketing representatives, or CMS. For example, employees may not claim that any plan offered by the organization is recommended or endorsed by CMS or Medicare, or that CMS or Medicare recommends that the beneficiary enroll in a plan offered by CHP. They may, however, explain that the plan(s) offered by CHP is approved for participation in Medicare.
- Distributing marketing material that has been disapproved by CMS because it is inaccurate or misleading or misrepresents the plan(s) offered by the organization, its marketing representatives, or CMS.
- All marketing materials shall be submitted to CMS and/or the DOI as required by regulation.

### Standards of Conduct Relating to Physician Incentive Plans

Physician incentive plans include any compensation arrangement at any contracting level between CHP and a physician or physician group that may directly or indirectly have the effect of reducing or limiting services furnished to Medicare enrollees. CHP shall report to CMS on physician incentive plans between itself and individual physicians and groups, and also between groups or intermediate contracting entities, if physicians are placed at substantial financial risk by the incentive arrangement.

At Medicare beneficiaries' request, CHP shall provide information indicating whether the organization or any of its affiliates use a Physician Incentive Plan that may affect the use of referral service, the type of incentive arrangement(s) used, and whether stop-loss protection is provided. If the organization is required to conduct a survey, it shall also provide beneficiary requestors with a summary of survey results.

### Contract Negotiations

In negotiating all contracts, CHP employees must be accurate and complete in all of their representations. The laws and regulations governing contracting with the government impose rules that are even more stringent than those applicable to dealings with private parties. The submission to a government customer of a proposal, quotation, or other document or statement that is false,



incomplete, or misleading can result in civil and criminal liability for CHP, the involved employee, and any supervisors who are involved in such a practice. In negotiating contracts with the government CHP has an affirmative duty to disclose current, accurate, and complete cost or pricing data where such data is required under appropriate law or regulation.

### [Fiduciary Breaches & Prohibited Transactions Under ERISA](#)

The Employee Retirement Income Security Act of 1974 (ERISA) applies to most employee benefit plans. ERISA imposes certain standards of conduct on a company and its employees who perform claims administration or other services for such plans. For example, CHP and certain CHP employees might be required to satisfy certain reporting and disclosure requirements with respect to CHP's company benefit plans and to other plans to which CHP provides services. These requirements, if applicable, include among other things, providing information on the plan to participants and to use the U.S. Department of Labor regulations. A failure to satisfy these requirements might result in the imposition of criminal as well as civil penalties on the plan administrator.

If a CHP employee has any questions about the company's or his/her duties with respect to the operations or administration of any plan, he/she should consult with the Compliance Officer.

In addition, if any employee should find that any occasion should arise where he/she is concerned that any act or failure to act on CHP's part or his/her part might be viewed as a violation of ERISA, he/she should immediately refer the matter to the Compliance Officer.

### [Recording & Reporting Information](#)

Below is an outline of how CHP records and reports necessary information.

#### [Reporting Information to the Government](#)

It is CHP's policy to deal honestly in all its relations with the government. The laws and regulations governing contracting with the United States government impose stringent rules. For example, it is a crime to make a false claim or false statement to a government official. CHP employees must ensure that the representations made to any government employee or in any document submitted to the government are accurate and not misleading.

#### [Accurate Record-Keeping](#)

Federal and state law require CHP to assure that its records accurately reflect the true nature of the transactions represented. This requirement applies to a wide variety of information recorded by CHP employees, including entries relating to the processing of claims; recording of financial transactions, audits, and quality control system; and reporting of expenses and timekeeping. Therefore, in all CHP operations, it is against CHP policy for any employee intentionally to cause any record to be inaccurate.

Examples of prohibited acts include:

- Making records appear as though payments were made to one person, when in fact they were made to another
- Submitting expense accounts that do not accurately reflect the true nature of the expense; altering time records to inaccurately reflect the amount of time worked

- Changing the beneficiary on a claim to channel payments to an improper recipient; deleting Medicare claims from the computer system without rerouting for reprocessing and properly documenting the action
- Creating any other record that does not accurately reflect the true nature of the transaction

False entries must never be made in any CHP record or in a public record for any reason, nor should permanent entries in the company records be altered in any way. No payment or receipt on behalf of CHP may be approved or made with the intention or understanding that any part of the payment or receipt is to be used for a purpose other than that described in the documents supporting the transaction. Slush funds or similar off-books accounts, where there is no accounting for receipts or expenditures in corporate records, are prohibited. It is very important that CHP employees not create or participate in the creation of any records that are intended to mislead or to conceal.

### Computer Data & Programs

Data and programs contained on the company's computers are important in company records. CHP employees are prohibited from making any unauthorized modifications to any company computer data or program. CHP employees are also prohibited from destroying, disclosing, or taking any company data or programs without authorization. Such actions may be illegal.

### Retention of Records

Legal and regulatory practices require the retention of certain records for various periods of time, particularly in the tax, personnel, health and safety, environmental, contract, corporate, and government program areas. Generally speaking, an employee's personal records and drafts of records need not be maintained. When litigation or a government investigation or audit is pending or reasonably foreseeable, however, all relevant records must not be destroyed until the matter is closed, and this may include drafts and copies as well as employee's notes and papers. Destruction of records to avoid disclosure in a legal proceeding may constitute a criminal offense. The Compliance Officer will notify CHP employees of special retention requirements related to litigation or government investigations or audits. CHP employees can obtain information on retention periods and restrictions concerning company records from their supervisor. The Compliance Committee in coordination with legal counsel is responsible for establishing retention periods.

### Political Activity & Charitable Contributions

Below are CHP's policies regarding political and charitable activities.

#### Political Activity

CHP encourages all employees to vote and be active in the political process. Federal and state laws, however, limit the nature and the extent of individual and corporate political participation. As a corporation, CHP does not make political contributions to any candidates or office holders at any level of government.

For purposes of this policy, the term *political contribution* includes direct or indirect payments, loans, advances, deposits, or gifts of money or any services. It also includes gifts, subscriptions, memberships, purchase of tickets, purchase of advertising space, furnishing of supplies, and payment of expenses and compensation for employees performing services for a political organization, candidate, or public official.

Federal law and company policy also state that no one will be reimbursed for personal political contributions. CHP will not pay an employee for his/her contribution to a political action committee through a bonus, expense account, or other form of direct or indirect compensation. Federal law and company policy also prohibit compensating employees for engaging in political activity during company time.

The political process has become highly regulated, and any CHP employee who has any question about what is or is not proper should consult with the Compliance Officer before agreeing to do anything that could be construed as involving CHP in any political activity at the federal, state, or local level.

### Charitable Activity

CHP supports a corporate contributions program based on its belief that as a corporate citizen, it has an obligation to respond to community, economic, and social needs. CHP's policy is to be prudent and conservative in making such contributions. The company's policy permits the support of qualified charitable organizations with financial and non-financial assistance and loaned personnel. Charitable organizations that will be supported by CHP must meet the following criteria:

- Serve residents of CHP's service area;
- Possess exemption by the Internal Revenue Service under section 501(c)(3) of the Tax Code;
- Address company community outreach goals and targets;
- Not duplicate the work of other organizations supported by the company within the same geographic or program area;
- Have a current, satisfactory audit conducted by a certified public accountant; and
- Have a long-standing reputation for credibility and integrity.

CHP's charitable contributions policy makes the corporate officers accountable for community service and social responsibility activities in cooperation, coordination, and consultation with the Senior VP of Marketing & Administrative Services. All expenditures for charitable contributions must be coordinated by the Marketing Department and approved by the CEO. The policy requires that charitable contributions should be included in the marketing budget, not in individual budgets as travel and entertainment expenses.

CHP recognizes that certain activities, such as service on voluntary agency boards, involvement in Chamber of Commerce activities, or membership in organizations such as Rotary or Civic, may support marketing efforts by building and influencing business relationships. CHP requires its employees to carefully budget these activities separately from charitable contributions.

### Policies Governing Work Environment & Employee Relations

Below are CHP's policies on governing the work environment and employee relations.

#### Safety, Health, & Environmental Protection

CHP and its individual employees are responsible for maintaining a safe and healthful work environment. CHP is committed to protecting the environment and minimizing the impact of its operations on the land, air, and water. All CHP employees have a responsibility to abide by safe operating procedures, to guard their own and fellow employees' health, and to maintain and utilize pollution control systems. It is CHP policy to comply with all laws and regulations affecting safety,

health, and environmental protection. CHP employees must comply with CHP's fire, safety, and health regulations and CHP procedures for handling and managing hazardous materials.

Employees must report to their supervisor conditions they perceive to be unsafe, unhealthy, or hazardous to the environment.

### *Employee Relations – Equal Employment Opportunities*

CHP's goals include the company selecting the best people, organizing effectively, and offering satisfaction and growth opportunities for employees. In seeking these goals, it is CHP's policy to provide equal employment opportunities to individuals who are qualified to perform job requirements, regardless of their race, color, religion, national origin, handicap, sex, age, or veteran status. Equal opportunity shall be provided in all aspects of the employment relationship, including recruitment, hiring, work assignment, performance evaluation, promotion, transfer, termination, wage and salary administration, and selection for training.

### *Standards of Conduct*

CHP's Standard of Conduct policy requires that its employees conduct themselves during work hours and while on CHP premises in a manner that promotes the safety and welfare of employees, encourages a cooperative environment, and protects personal rights and corporate property. CHP's Standard of Conduct policy will be administered in a fair, consistent, and uniform manner with recognition of the dignity and respect to which each employee is entitled. In like manner, each employee is expected to treat his/her fellow employees, CHP subscribers, and the public with the respect and dignity to which they are entitled.

### *Prohibitions Against Discrimination and Harassment*

CHP prohibits discrimination against employees based on race, color, religion, national origin, handicap, sex, age, or veteran status. These commitments can only be met if all employees treat each other with courtesy and fairness and have respect for the dignity of the other person. Laws prohibit discrimination against minorities, sexual harassment, and similar misconduct.

### *Sexual Harassment*

It is CHP policy that all employees have a right to work in an environment free of discrimination, which includes freedom from sexual harassment. CHP strongly disapproves of sexual harassment of its employees. Employees have the responsibility to respect the rights of coworkers. All employees must avoid offensive or inappropriate sexual and/or sexually harassing behavior in the workplace.

Sexual harassment is defined as:

- Unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature.
- When an individual's employment is either implicitly or explicitly determined by submissions to the above sexual conduct.
- When acceptance or rejection of the above sexual conduct by an individual is used as a basis for employment decision affecting the individual.
- When the sexual conduct creates a negative or hostile work environment or interferes with the individual's work performance.

Other sexually harassing conduct, whether physical or verbal, is also prohibited. This conduct includes offensive comments, jokes, innuendos, or other sexually oriented statements.

Such conduct, as described above, if substantiated using the investigation process described in these policies, will result in disciplinary action up to and including terminating employment.

An employee who has a complaint of sexual harassment in the workplace is urged and strongly encouraged to report it so that the complaint can be investigated and action taken. An employee may take the matter to the direct attention of any supervisor, the HR Director, Compliance Officer, or any Senior Manager (including the CEO).

CHP will investigate and act upon all complaints as expeditiously as possible. Recognizing that an investigation is likely to require discussion of the complaint with other employees, including the employee who has been the subject of the complaint, the complaint will be kept confidential to the maximum extent possible.

There will be no retaliation against an employee for reporting bona fide sexual harassment, or assisting CHP in investigation of a complaint. However, if in the course of the investigation of a complaint, CHP learns that an employee has provided false information regarding the complaint, or the complaint was not bona fide, disciplinary action up to and including termination of employment will be taken against the individual who provided the false information.

#### Information About Employees

CHP generally prohibits the disclosure of information about company employees to third parties outside of the company and its affiliates unless the employee authorizes the disclosure or a court orders such disclosure.

Disclosure of personnel information without prior written consent of the employee is permitted upon the request of a physician who is attempting to inform an employee about a medical problem; or in other emergency situations that, in the judgment of the HR Director or Compliance Officer, justify timely disclosure of personal information.

Additionally, verification of present or past employment including job titles and dates of employment may be released to verified personnel representatives of another organization.

#### Substance Abuse

It is the policy of CHP to maintain a drug-free workplace. CHP recognizes the impact that the use of alcohol and/or drugs can have on the performance of its employees and on the safety of its work environment.

The use, sale, manufacture, distribution, purchase, possession, dispensing, or being under the influence of illegal drugs, non-prescribed controlled substances, or alcohol on company property, while on company business, or while operating a company-owned or leased vehicle is prohibited. In order to detect the use of these substances, employees may be directed to submit to a drug test. The use of alcoholic beverages by company employees on company premises or on company assignment may take place only when approved by Senior Management as part of an approved company function.

Employees found to be in violation of this policy (including refusal to submit to testing) will be subject to discipline up to and including termination of employment, and any illegal drugs found on company

property will be turned over to appropriate law enforcement authorities. Any employee who is charged with, indicted, or convicted of a work-related drug or alcohol violation must report this information to their supervisor or the Compliance Officer no later than three (3) days after such charge, indictment, or conviction. In the case of an officer of the company, the officer must report any charge, indictment, or conviction of a work-related drug or alcohol violation to the CEO.

An employee who is convicted on a work-related drug or alcohol charge, or an employee who is charged with or indicted on a work-related drug or alcohol violation where an independent company investigation finds a violation of this policy, may be subject to discipline, up to and including termination of employment. An unpaid leave of absence may be considered depending on the severity of the situation. Please refer to personnel policies on Drug Free Work Place regarding counseling and additional procedural guidance.

#### [Weapons or Firearms](#)

CHP employees are prohibited from carrying on their person or displaying weapons or firearms on company property. A CHP employee who believes another employee is carrying a weapon or firearm or sees a weapon or firearm being displayed on company property should immediately contact his/her supervisor, or the Compliance Officer.

#### [Criminal Offenses and/or Work-Related Charges, Indictments or Convictions](#)

Any CHP employee who is charged with or indicted for a criminal offense must report this information to their supervisor or the Compliance Officer no later than three (3) days after such charge or indictment. Any CHP employee who is convicted of a criminal offense must report that information to their supervisor or the Compliance Office within 24 hours. Upon review of the nature and circumstances of the charge, indictment, or conviction, the CHP employee's department head, in conjunction with the HR Department, may request the employee who is charged with or indicted for an offense committed on company property or an offense related to or adversely affecting his/her employment to take an unpaid leave of absence. A conviction of such an offense may be grounds for other disciplinary action.

#### [Arrests on Company Property or While on Company Business](#)

An employee who is arrested on company property or while on company business must report that arrest to the Compliance Officer within three (3) days of the arrest. In the case of an officer of the company, the officer must report such an arrest to the CEO.

#### [Disclaimer](#)

The *Beacon Program* is designed to provide guidance to CHP employees on matters of ethics and business conduct. This document is not designed to be a basis for civil liability and it shall not be admissible in evidence in any civil action against CHP, its directors, officers, or employees.

Notwithstanding the forgoing provisions of this paragraph, when CHP institutes an action or proceeding against one or more of its directors, managers, or employees, violation of the *Beacon Program* may be considered prima facie evidence that a legal duty has been breached and this document and any alleged violation thereof shall be admissible in evidence in such action or proceeding. Violation of the *Beacon Program* shall not give rise to a cause of action against CHP or its directors.

## Disciplinary Actions

CHP will document all reasons behind disciplinary actions taken against its employees for violations of the *Beacon Program*, related laws, regulations, and policies. The supervisor and Human Resources Department will ensure that such documentation is included in the individual's personnel files, consistent with the procedures required by CHP's personnel policies. Disciplinary action, including termination of employment and legal action, may result in response to violations of law, CHP policy, Business Code of Conduct, or in cases of misconduct or ethical behavior.

The types of misconduct that are likely to result in disciplinary action include, but are not limited to:

- Violating or directing others to violate the law or company policies
- Failing to promptly raise a concern
- Failing to cooperate with an investigation
- Retaliation against an employee who has made a good-faith complete report or who has cooperated in a compliance investigation
- Making a false allegation

In determining the appropriate disciplinary action to impose for a violation of the *Beacon Program*, related laws, regulations, and/or policies, the following factors will be taken into account, but are not limited to:

- The nature of the violation and the ramifications of the violation to CHP and its clients
- The individual was directly or indirectly involved in the violation
- The violation was willful or unintentional
- The violation represented an isolated occurrence or a pattern of conduct
- The individual in question reported the violation
- The individual withheld relevant or material information concerning the violation
- The degree to which the individual cooperated with the investigation

## Responsibility & Reporting of Concerns

Employees have the right and the responsibility to question or challenge situations that they suspect are unethical or violate CHP policies, the *Beacon Program*, the Business Code of Conduct, or any law or regulation.

By raising concerns employees are helping to protect themselves, their colleagues, CHP, our employees, and our members. Employees should raise concerns or seek guidance if they are unsure or have an uneasy feeling about whether a certain behavior or activity is consistent with standards of ethical business conduct. All levels of management are required to clearly articulate CHP's commitment to compliance and create an open environment where employees can report unethical or compliance situations without fear of retaliation or reprisal.

**CHP will not tolerate retaliation.** Reporting activities that violate the *Beacon Program* and our Business Code of Conduct are vital to maintaining a strong culture of compliance.

**CHP will protect employees who in good faith report wrongdoing or unethical behavior by prohibiting retaliation.** It is a violation of the Code of Conduct and considered misconduct to retaliate against an employee for reporting an unethical or legal concern in *good faith*.

An open environment is created for reporting issues, regardless of what the outcome may be. Retaliation for good-faith reports will result in disciplinary action. If an employee suspects someone they know has been retaliated against for reporting a concern, they should contact the Compliance Department.

The Compliance Officer is committed to review all concerns reported, provide proper guidance, and take appropriate actions.

### Reporting Without Fear of Reprisal or Retaliation

Everyone should discuss the situation with their supervisor and give the supervisor the opportunity to address the situation. If the situation is not handled to the employee's satisfaction or they are not comfortable talking to their supervisor, we provide additional ways to make an inquiry or report a situation without reprisal.

Employees may decide to contact the Compliance Officer directly:

Frank C. Kaminski  
Compliance and Privacy Officer  
Compliance Department: 850-523-7299  
[fckaminski@chp.org](mailto:fckaminski@chp.org)

### Confidential Reporting

Employees may call the Compliance Hotline at 850-383-3566 or send an anonymous question via email using the link on the Intranet homepage.

If an employee chooses to make an anonymous report, they should provide enough information about the situation to allow a proper investigation. Our investigation will be hampered if not enough information is given.

### Information Needed When Making a Report

Below are some helpful tips when providing information for a report. Employees should:

- Describe the situation in detail, explain the business area or department, and notate all people involved
- Identify dates when events occurred
- Let the Compliance Department know if they observed this directly or if someone told them about it
- Describe any relevant documents that could help with the investigation

### Fraud, Waste, & Abuse

CHP is committed to detect, correct, and prevent fraud, waste, and abuse.

#### What is Fraud, Waste, & Abuse?

**Fraud** is generally defined as knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses representations, or promises) any of the money or property owned by, or under the custody of, any health care benefit program. (18 U.S.C. § 1347)



**Waste** is overutilization of services or other practices that, directly or indirectly, result in unnecessary costs to the health care system, including the Medicare and Medicaid programs. It is not generally considered to be caused by criminally negligent actions, but by the misuse of resources.

**Abuse** includes any action(s) that may, directly or indirectly, result in one or more of the following:

- Unnecessary costs to the health care system, including the Medicare and Medicaid programs
- Improper payment for services
- Payment for services that fail to meet professionally recognized standards of care
- Services that are medically unnecessary

Abuse cannot always be easily identified, because *abuse* versus *fraud* depends on specific facts and circumstances, intent, prior knowledge, and available evidence, among other factors.

### Most Common Coding & Billing Issues

Some of the most common coding and billing issues are:

- Billing for services not rendered
- Billing for services at a frequency that indicated the provider is an outlier as compared with their peers
- Billing for non-covered services using an incorrect code in order to have services covered
- Billing for services that are actually performed by another provider
- Up-coding
- Modifier misuse, for example modifiers 25 and 59
- Unbundling
- Billing for more units than rendered
- Lack of documentation in the records to support the services billed
- Services performed by an unlicensed provider but billed under a licensed provider's name
- Alteration of records to get services covered

### Fraud, Waste, & Abuse Awareness Reporting and Prevention

Through annual training, workforce members have developed a heightened awareness of good business ethics and how to identify and prevent fraud, waste, and abuse. CHP also contracts with the Special Investigative Unit of Florida Blue to provide all new staff training on fraud, waste, and abuse awareness and to investigate any allegations of fraud, waste, or abuse. These activities regularly are reported to CHP's Board of Directors.

Fraud, Waste, & Abuse awareness reporting and prevention includes, but is not limited to, the following areas:

- Laws and regulations related to Medicare Advantage and Medicare Part D fraud, waste, and abuse (i.e., False Claims Act, Anti-Kickback statute, HIPAA, etc.).
- Obligations of the first-tier, downstream, and related entities to have appropriate policies and procedures to address fraud, waste, and abuse
- Process to report CHP suspected fraud, waste, and abuse in first-tier, downstream, and related entities

- Protection for employees of first-tier, downstream, and related entities who report suspected fraud, waste, and abuse
- Awareness of types of fraud, waste, and abuse that can occur in first-tier, downstream, and related entities

## How to Report Fraud, Waste, & Abuse

If an employee suspects fraud, waste, or abuse in the health care system they must report it to CHP for investigation. To report suspected fraud, waste, or abuse, contact CHP in one of the following ways:

- **Phone** – Compliance Department: 850-523-7299
- **Fax** – 850-523-7419
- **Email** – [fckaminski@chp.org](mailto:fckaminski@chp.org)
- **Compliance Hotline** – 850-383-3566

## Investigation Process

Our investigation process will vary, depending on the situation and allegation. Our investigatory steps may include the following:

- Contact with relevant parties to gather information.
  - This may include contacting members to get a better understanding of the situation. For example, we may contact a member to ask about a visit with his/her physician. We may ask the member to describe the services provided, who provided the care, how long the member was at the office, etc.
- Requests for records.
  - We do this to validate that the records support the medical services billed. It's important that the health care provider submits complete records as requested. We rely on this information to make a fair and appropriate decision.
- Notification of suspected fraud and abuse to the Florida Blue Special Investigative Unit, law enforcement, and/or CMS, if applicable, including the appropriate Medicare Drug Integrity Contractor (MEDIC) for Medicare Part C (medical) and Part D (prescription) and any other applicable state and/or federal agencies.

## Identity Theft Prevention

Federal law defines medical identity theft as a fraud committed or attempted using the identifying information of another person without authority to obtain medical services or goods, or when someone uses the person's identity to obtain money by falsifying claims for medical services and falsifying medical records to support those claims.

## Red Flag Rule

The Red Flag Rule means a pattern, practice, or specific activity that indicates the possible existence of identity theft. The Red Flag regulations require health care entities to have a written Identity Theft Program designed to detect, prevent, and mitigate identity theft.

CHP policy agrees, in accordance with the Identity Theft Red Flag Rule and address discrepancies, through the Federal Trade Commission, to prevent the intentional or inadvertent misuse of member names, identities, and medical records. CHP will report criminal activity relating to identity theft of

services to appropriate authorities and take steps to correct and/or prevent further harm to any person whose name or other identifying information is used unlawfully or inappropriately.

Workforce must recognize possible identity theft triggers and report them to the Compliance Officer. Some examples include:

- A complaint or question from a member based on the member's receipt of a bill for another individual
- A bill for a service that the member denies receiving
- A bill from a health care provider that the member never patronized
- An Explanation of Benefits or other notice of health care services never received
- Records showing medical treatment that is inconsistent with a physical examination or medical history as reported by the member
- Refusal to provide requested identification, lack of identification, or mismatch between recorded picture ID information and patient (person presenting for care)
- A dispute of a bill by a member who claims to be the victim of any type of identity theft
- A member who never had evidence of an insurance card or who appears not to be the same person that staff recall from prior visits
- Multiple requests for new ID cards in the same year

## Why Ethics, Integrity, & Compliance Count

How our workforce conducts itself reflects on them and CHP. Acting ethically with the greatest integrity and in compliance with laws, regulations, and CHP policies is as important as any aspect of our business.

For that reason, employees are required to comply with all applicable laws and regulations in carrying out their business. They are expected to:

- Promote the safety and welfare of employees and members
- Encourage a cooperative and professional work environment
- Protect personal rights and corporate property
- Demonstrate the highest standard of integrity and ethical behavior

## Ethical Decision-Making

When faced with an ethics issue or concern, the best course of action is not always clear.

The ethical decision-making process is a series of four questions that an employee should ask themselves anytime they are not sure about what to do in a particular situation. This is especially important if there is something about a situation that makes the employee question whether what they are about to do or what they have been asked to do is right or wrong.

The following questions should be considered when an employee is unsure about whether an action or situation is appropriate.

*What feels wrong about the situation? Can you identify the ethics issue involved?*

This question helps to identify and clarify whether there is an ethics or integrity issue at stake in an unsure situation. It moves the employee beyond that uncomfortable feeling or intuition that something is not right into a process of ethical reflection.

*Does anything about this situation violate the Beacon Program, CHP policy, or a particular law?*

This question prompts the employee to consult company resources to determine whether the situation goes against the *Beacon Program*, CHP policies, or the law.

With many ethics-related situations or questions, an individual can arrive at definitive answers to these questions and resolve the matter expeditiously. The right course of action in these cases usually will be clear and straightforward. However, some cases may be more complex and difficult. The facts may be in dispute, or several answers may seem appropriate. There may not be an obvious right answer. The next two questions will help think through these more challenging situations in order to arrive at the best course of action.

*How will the member or others be affected by my decision?*

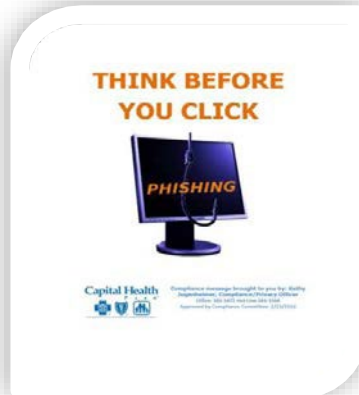
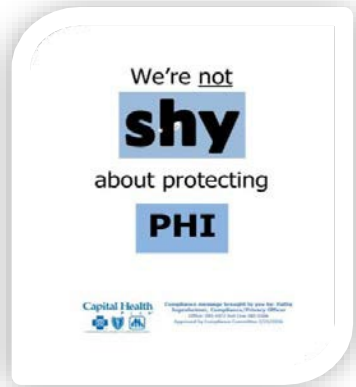
This question focuses on the effect that a decision will have on our member and employees. It is crucial to think about whether the situation or action is consistent with CHP values and whether it is fair for everyone concerned. Who has a stake in the situation and how significant is it compared to others? Who will be helped or hurt by the decision?

*What effect could my decision have on CHP's reputation and on my own reputation?*

The question brings focus on the consequences of the decision for both the employee and for CHP. The employee should ask, would I want to read about this in the news?

# Appendix

## Compliance Posters



Frank Kaminski, Compliance and Privacy Officer

Compliance Department: 850-523-7299

[fckaminski@chp.org](mailto:fckaminski@chp.org)

2140 Centerville Place

Tallahassee, FL 32308

Compliance Hotline: (850) 383-3566



### **Revision History**

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