



## **STANDARDS OF CONDUCT For Care1st’s Contracted First-Tier, Downstream, and Related Entities (FDRs)**

**This publication contains Care1st Health Plan’s (“Care1st”) basic values for ethical conduct, policies for compliance with laws, and programs for the prevention of fraud, waste and abuse in Medicare, Medicaid (Medi-Cal) and other health care programs which must be adhered to, and comply with, by all providers (e.g., medical groups, hospitals, nursing homes, suppliers, vendors), and independent contractors of Care1st (collectively called “FDRs” in this document). It also contains detailed information about federal and state false claims laws and whistleblower protections that may be applicable to some Care1st’s FDRs, suppliers and independent contractors.**

### **1. INTRODUCTION**

At Care1st Health Plan (Care1st), our aim in conducting our operations is to assure continuing, reliable sources of supply, whether it is for components, accessories, assembly, associated services or contractor services required to run our business. These suppliers of products and services are collectively called “FDRs/vendors” in this document. Honest dealing with our business customers and vendors/FDRs is essential for sound and lasting relationships. We view our FDRs/vendors as our business partners. We give all potential FDRs/vendors fair and uniform consideration and expect the same in return. Decisions from both parties shall always be based on objective criteria such as price and quality as well as reliability and integrity. Kickbacks, bribes or similar payments of any sort are prohibited. Care1st and the FDR/vendor should always act in a manner that demonstrates the highest level of integrity, honesty, and fair dealing.

Care1st provides health care services under contract with federal, state and county agencies and is continuously monitored and audited by these agencies. Our compliance with applicable federal and state laws and regulations and contract provisions depend to a

great extent on the performance of our FDRs and vendors and their adherence to legal and ethical standards.

This Standards of Conduct for FDRs/vendors reflects our organization's BASIC VALUES. In summary, these BASIC VALUES are:

- To arrange for the provision of quality, cost-effective health care services to our diverse patient community;
- To be honest, trustworthy and reliable in all relationships;
- To be responsive to the needs and justifiable expectations of the health care professionals who are part of our team;
- To pursue profitability and growth;
- To treat all our vendors/FDRs and employees with respect;
- To comply with all applicable legal, regulatory, and contract requirements; and
- To prevent fraud, waste and abuse in health care programs we are involved in.

This manual aims to briefly address the role of FDRs/vendors in achieving these BASIC VALUES. Detailed descriptions, citations and applicable contract provisions can be obtained from Care1st upon request.

The FDR/vendor Standards of Conduct is a living document that will be revised periodically to ensure proper communication of our expectation pertaining to ethics, compliance and prevention of fraud and abuse. Care1st reserves the right to revise this handbook as necessary to meet the company commitment to corporate integrity.

In addition to this FDR/vendor Standards of Conduct, Care1st also has an Employee Standards of Conduct, an Employee Handbook describing Personnel Policies and Procedures, and a Corporate Compliance Plan that contains information on complying with legal and ethical standards. Additionally, Care1st, from time to time, issues statements of policy directed at legal or business matters relevant to particular parts of its business and general policies on managing and motivating its work force.

If you have a question about these FDR/vendor Standards of Conduct or about any Care1st policy or practice; you can contact Care1st's Corporate Compliance Officer, Brooks Jones (phone 323-889-6202) who will identify the correct source of information, advise you of procedures to follow, and otherwise assist you as appropriate. Your inquiries will be handled confidentially, up to the limits imposed by the law. If you wish to call anonymously with any question or concern, feel free to call the Compliance Hotline at 1-877-837-6057, e-mail to [ComplianceSIU@care1st.com](mailto:ComplianceSIU@care1st.com), [ComplianceDepartment@care1st.com](mailto:ComplianceDepartment@care1st.com), or visit our website at <https://www.care1st.com/ca/providers/compliance.asp> or <https://www.care1st.com/ca/corporate/departments/corporate-compliance.asp>

Violating these Care1st FDR/vendor Standards of Conduct is a serious matter that may lead to termination of contract and, if applicable, reporting such violation to federal, state and other entities with whom Care1st has contracts.

Compliance with these FDR/vendor Standards of Conduct includes the responsibility to report promptly any violation or apparent violation of the standards of conduct detailed herein. Whether you are uncertain as to the legality or appropriateness of specific conduct or certain that such conduct violates the law or Care1st policies, you should seek assistance and report such conduct to Care1st Corporate Compliance Officer. Failure to report may constitute grounds for termination of your contract with Care1st.

## 2. POLICY ON NON-RETALIATION FOR REPORTING FRAUD, WASTE AND ABUSE

Care1st encourages vendors and other Care1st's first-tier, downstream, and other related (FDRs) contracted entities to report any concerns. To this end, Care1st has set up several mechanisms for vendors and FDRs to report suspected fraud, waste and abuse. These will be described later in the section on Prevention of Fraud, Waste and Abuse. It is Care1st policy not to engage in any type of retaliatory action against a vendor/FDR who reports a concern. Any manager, supervisor or employee who engages in retaliation or harassment of a vendor is subject to discipline, which may include termination of employment on first offense. FDRs/vendors are expected to report to the Corporate Compliance Officer any type of retaliatory behavior towards them by any member of the Care1st team regardless of the rank or title of the person conducting the harassment. The Corporate Compliance Officer will seek the appropriate resolution process.

This does not mean a vendor will be excused from the consequences of its own improper behavior or inadequate performance by reporting its conduct. It does mean that the consequences of improper behavior or inadequate performance will not be made more severe because of an employee has made the report regarding his or her behavior.

## 3. CONFIDENTIAL INFORMATION (INCLUDING PROTECTED HEALTH INFORMATION)

Care1st Health Plan and FDRs/vendors are to remain in compliance with all applicable Federal and State laws and regulations, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and the Health Information Technology for Economic and Clinical Health Act (HITECH), as well as with Care1st's business policies and procedures.

### **Protected Health Information**

Care1st Health Plan has implemented and abides by a number of safeguards and policies to ensure the confidentiality of protected health information, and it is the obligation of FDRs/vendors to do the same.

The FDR's/vendor's role in the protection of Protected Health Information ("PHI") includes, but is not limited to, the following:

1. FDRs/vendors are obligated to use appropriate safeguards to prevent the use or disclosure of PHI other than as permitted or required by law, or as authorized by the individual in writing. According to the HIPAA Privacy Rule, PHI is “individually identifiable health information” held or transmitted in any form or media for which there is a reasonable basis to believe it can be used to identify the individual.
  - a. Refer to HIPAA, Public Law 104-191, 45 CFR Parts 160 and 164 for appropriate, permissible, and required uses and disclosures of PHI. Additional reference could also be found by going to <http://www.hhs.gov/ocr/privacy/hipaa/administrative/securityrule/index.html> Refer to HITECH, which was enacted as part of the American Recovery and Reinvestment Act of 2009, for obligations regarding the use of health information technology; for information regarding the privacy and security concerns associated with electronic transmissions of health information; and for civil and criminal enforcement of the HIPAA rules. Additional reference could be found by going to <http://www.hhs.gov/ocr/privacy/hipaa/administrative/breachnotificationrule/index.html>
2. FDRs/vendors are expected to promptly report to Care1st’s Corporate Compliance Office, Care1st’s HOTLINE toll-free number 1-877-837-6057, or Care1st’s Compliance Department at [ComplianceDepartment@care1st.com](mailto:ComplianceDepartment@care1st.com) , any wrongful use or disclosure of PHI of which Vendors/FDRs become aware within 60 calendar days. FDRs/vendors must provide notice to Care1st without unreasonable delay and no later than 60 calendar days from the discovery of the breach. To the extent possible and/or as applicable, Vendors /FDRs should provide Care1st with identification of each individual affected by the breach as well as any information required to be provided by Care1st in its notification to affected individuals. Information will include, to the extent possible:
  - a. A description of the breach;
  - b. A description of what types of information that were involved in the breach;
  - c. The steps affected individuals should take to protect themselves from potential harm;
  - d. A brief description of what the FDR/vendor is doing to investigate the breach, mitigate harm, and prevent further breaches, as well as the vendor’s/FDR’s contact information; and,
  - e. For substitute notice provided via web posting or major print or broadcast media, the notification shall include a toll-free number for individuals to contact the FDR/vendor to determine if members/individuals’ PHI was involved in the breach.
  - f. Notice to the Secretary of Department of Health & Human Services (DHHS):
    - a. In addition to notifying affected individuals and the media (where appropriate), the FDR/vendor notifies the Secretary of breaches of unsecured PHI by visiting the DHHS website and filling out and

electronically submitting a breach report form found at <http://ocrnotifications.hhs.gov/>

- b. If breach affects 500 or more individuals, the FDR/vendor notifies the Secretary without unreasonable delay and in no case later than 60 calendar days following the breach.
3. If the breach affects fewer than 500 individuals, the FDR/vendor notifies the Secretary of such breaches on an annual basis. Reports of breaches affecting fewer than 500 individuals are due to the Secretary no later than 60 calendar days after the end of the calendar year in which the breach occurred. FDRs/vendors must ensure that any agents or subcontractors working with them also adhere to the same restrictions concerning the protection of PHI.
4. FDRs/vendors are expected to document disclosures of PHI as would be required by Care1st to respond to a protected individual's request for an accounting of PHI disclosures.

Care1st's obligations to its FDRs/vendors with respect to the protection of PHI include the following:

1. Care1st will notify FDRs/vendors of any changes in, or revocation of permission by an individual to use or disclose PHI, to the extent that such changes might affect a vendor's use or disclosure of PHI.
2. Care1st shall not request FDRs/vendors to use or disclose PHI in any manner that would not be permissible under HIPAA's Privacy Rule.

#### **Confidential Business Information**

All books, records, documents and information that pertain to Care1st's business activities are confidential and are the proprietary property of Care1st. Such information and materials are to be used only for the benefit of Care1st. FDRs/vendors may not copy any such materials without the express permission of Care1st Health Plan. In the event of termination of the Care1st-FDR/Vendor relationship, all such confidential business information and proprietary property must be immediately returned to Care1st.

## **4. INTERACTIONS AND DEALINGS WITH CARE1ST EMPLOYEES**

Employees of Care1st may not accept anything more than modest gifts, meals and entertainment from FDRs/vendors. Therefore, FDRs/vendors should avoid offering, promising or giving anything of value to any Care1st employee. Customary or seasonal gifts of modest value such as congratulatory flowers or fruit baskets are permitted as are moderately and reasonably priced meals in the framework of conducting business. Cash, gift certificates, loans, etc. should never be given.

Anything of value may also include any advantage that is not limited to tangible property. It can be non-monetary or non-tangible inducement and it can include such items as travel expenses, donations to charity, flight upgrades, hiring a family member, free tickets to events, free use of facilities, free provision of goods and services etc.

Hospitality or free-of-charge equipment or training for Care1st employees is permitted provided that it is clearly specified in writing in a sales or services contract with the customer or the contractor. If so specified in a contract, such free items will not be considered illegal or unethical gifts.

Any other tips, gratuities, hospitality, gifts and promotions that are not standard or customary require advance written approval by Care1st Corporate Compliance Officer.

Conflicts of interest should be always avoided. Therefore, FDRs/vendors should not offer employment or work to care1st employees, or have any relationship, financial or otherwise, with any Care1st employee that may adversely affect their performance or judgment to act in Care1st's best interests. If a FDR/vendor employee is a family relation (spouse, parent, sibling, grandparent, child, grandchild, mother- or father-in-law, or same or opposite sex domestic partner) to a Care1st employee, or if a FDR/vendor has any other relationship with a Care1st employee that might represent a conflict of interest, the FDR/vendor should disclose this fact to Care1st.

Suppliers must contact Care1st Corporate Compliance Officer immediately if they believe that any Care1st employee's conduct has violated or potentially violated this gifts and entertainment, and no-conflict policy.

Care1st employees, for interpretation of this section, includes Care1st board members, top and middle management, supervisors, regular full time and part-time employees and persons under exclusive contracts.

## 5. FDRs/Vendors' ROLE IN FRAUD, WASTE, AND ABUSE

Care1st will or may subcontract certain functions that it chooses and Care1st will rely on the expertise and operations of FDRs/vendors offer. Care1st is ultimately responsible for complying with all statutory, regulatory and other requirements to the extent that any compliance or operational functions are delegated to FDRs/vendors.

The Care1st's Compliance Program also focuses on the prevention, detection, and correction of identified violations of federal and state laws and regulations, fraud control, and unethical conduct, and fosters an environment that encourages Care1st's FDRs/vendors to report concerns about fraud, waste, and abuse without fear of retaliation. To this extent, Care1st's contracted FDRs/vendors must also comply with State and Federal requirements to detect, prevent, correct, and control fraud, waste, and abuse.

One of the goals of Care1st's Compliance Program is to embed compliance, fraud control and business ethics into the organizational culture through promotion and facilitation of infrastructures and tools designed to help achieve compliance with federal, state and local laws and regulations, licensing requirements and accreditation standards. This goal also encompasses Care1st's FDRs/vendors. Care1st's contracted FDRs/vendors must have in

place a program to detect, prevent, and control fraud, waste, and abuse to meet statutory and regulatory requirements.

FDRs/vendors must promptly report any State, Federal program, contractual and/or statutory or regulatory violations to Care1st's Corporate Compliance Officer, Brooks Jones, CHC, or his designee; e-mail to Corporate Compliance @ [ComplianceDepartment@care1st.com](mailto:ComplianceDepartment@care1st.com); or, call the Care1st's HOTLINE number @ 1-877-837-6057. Care1st will conduct timely investigation and/or notify the appropriate federal or state agency (as required) in a timely manner, including but not limited to, the Office of Inspector General (OIG) and/or the Centers for Medicare & Medicaid Services, the Department of Managed Health Care (DMHC) or Department of Health Care Services (DHCS), and/or other State and Federal agencies as appropriate.

From time to time, Care1st will disseminate important advisory opinions from the OIG, fraud, waste, and abuse alerts or bulletins from State or Federal agencies. FDRs/vendors are expected to disseminate this information to their downstream and related entities. Care1st could also include these fraud alerts and/or bulletins in its Provider Newsletter that is released on a quarterly basis to all Care1st's first-tier contracted entities.

A specific FDR/vendor link has been established on the Care1st's website at <https://www.care1st.com/ca/providers/compliance.asp> or <https://www.care1st.com/ca/corporate/departments/corporate-compliance.asp> to foster effective lines of communication with Care1st's vendors/FDRs.

This code of conduct sets the overarching principles, guidelines, and standards for Care1st's compliance and ethics for its FDRs/vendors. The Legal, Human Resources, and the Compliance Departments review this code of conduct periodically to determine if revisions are appropriate and any necessary changes will be made based on that review. The Care1st's Compliance Committee and the Board of Directors also review and approve this code of conduct.

**Attestation Requirement:**

All Care1st's FDRs/vendors receive a copy of this code of conduct "at contract" or within 90 calendar days from the contracting date. The FDRs/vendors are required to certify that they have received, read, and understand, shall abide by it, and they understand that they are required to report any suspected compliance or ethics concerns of which they are aware of. Attestations are tracked internally by Care1st through a database or a spreadsheet by the Human Resources and/or Compliance Departments.

**Identifying and Responding to Ineligible Individuals and Entities:**

Care1st Health Plan also prohibits employing, contracting with, or paying any individual or entity that has been sanctioned, debarred, suspended, excluded or otherwise deemed ineligible for participation in federal health care programs. Annually, the Care1st's Human Resources Department performs screening of all Care1st's employees against the Office of Inspector General (OIG)'s List of Excluded Individuals and Entities (LEIE) and the U.S. General Services Administration's (GSA) list of individuals excluded from



federal procurement and non-procurement programs contained in the Excluded Parties List System (EPLS).

In a similar manner in which all Care1st employees are screened annually, Care1st screens all vendors, FDRs, contractors including physicians, delegated medical groups, and other first tier and downstream entities as defined by the Exclusion Statute 42 U.S.C §1320a-7 and 1320c-5. The Credentialing, Compliance, and Marketing Departments also perform screening against the OIG and GSA excluded listings on providers, vendors, and brokers. **FDRs and vendors contracted with or delegated by Care1st Health Plan must also conduct screening of their employees, contractors, and other downstream agents/entities on a monthly basis against the OIG and GSA excluded listings. Care1st will validate (during oversight audits) if vendors have screened all its employees, business partners, and other downstream related entities.**

## 6. COMPLIANCE WITH LEGAL OBLIGATIONS OF CARE1ST DOWNSTREAM ENTITIES

Care1st is required by government agencies with whom it contracts with for Medicare and Medi-Cal to oversee certain strict requirements with its FDRs/vendors (who are considered first tier subcontractors) and sub subcontractors of FDRs/vendors (second tier subcontractors). This is done by including certain required provisions in the contract between Care1st and FDR/vendor, training FDRs/vendors on these obligations, and monitoring FDR/vendor compliance with reviews, audits and reports. Therefore, you should expect to see certain legal and regulatory requirements in your contracts with Care1st. These must be strictly adhered to by Vendors.

Following are some key such requirements: FDRs/vendors must:

1. Have written contracts with any of its subcontractors (“Downstream Entities”) providing services under FDR’s/vendor’s agreement with Care1st (“Agreement”) where the Downstream Entity will agree to abide by all applicable responsibilities undertaken by FDR/vendor under the Agreement for Care1st to meet its contractual obligations to governmental agencies.

2. Pay any amounts due to Downstream Entities promptly and in any case, within time frames agreed to in contracts with such entities.

3. Comply with all applicable federal laws, CMS regulations and instructions, In particular, FDR/Vendor agrees to comply with 42 CFR Section 422 regarding the performance of FDR’s/Vendor’s obligations hereunder, including without limitation, laws or regulations governing the record timeliness, adequacy and accuracy, Care1st health care beneficiaries’ (“Members”) privacy and confidentiality. Any provisions required to be in the Agreement by contracts between Care1st and governmental agencies shall bind Care1st and FDRs/Vendors whether or not provided in the Agreement. To the extent there are any inconsistencies or contradictions between the Agreement and an applicable Care1st contract with a governmental agency, the terms and provisions of the Care1st Contract shall prevail

and control. FDRs/Vendors can request to see applicable contracts between Care1st and governmental agencies prior to entering into the Agreement.

4. Maintain and make available, and to require its Downstream Entities to maintain and make available, books, documents, and records relating to services under the Agreement to governmental agencies as applicable, These include LA Care, CMS, the Secretary of the U.S. Department of Health and Human Services (“DHHS”), any Peer Review Organization (“PRO”) or accrediting organizations, the U.S. Comptroller General, their designees, state agencies with authority, and other representatives of regulatory/accrediting organizations. The minimum time period the FDR/Vendor must securely maintain these records will be specified the governmental agency applicable to your Agreement with Care1st. For example, for records relating to Medicare services, this time period is ten (10) years from the termination of the Agreement or from the completion of any government agency audit, whichever is later.

5. Provide to Care1st information required for Care1st to fulfill its reporting obligations to applicable governmental agencies.

6. Not bill Care1st Members for any services by Vendor to Care1st and to hold Care1st Members harmless if Care1st fails to make payments under its Agreement to FDR/Vendor.

7. Safeguard privacy and confidentiality, and assure the accuracy of, Care1st member health and other identifiable records.

8. Represent and warrant to Care1st that: (a) neither FDR/Vendor nor any of its affiliates are excluded from participation in any federal health care program, as defined under 42 L1.S.C Section 1320a-7b (f), for the provision of items or services for which payment may be made under such federal health care program; (b) FDR/Vendor has not arranged or contracted (by employment or otherwise) with any employee, contractor or agent that FDR/Vendor or its affiliates know or should know are excluded from participation in any federal health care program, to provide items or services hereunder; and (c) no final adverse action, as such term is defined under 42 U.S.C. Section 1320a-7e (g), has occurred or is pending or threatened against FDR/Vendor or its affiliates or to FDR/Vendor's knowledge against any employee, contractor or agent engaged to provide items or services under this Agreement (collectively "Exclusions/Adverse Actions"). FDR/Vendor, during the term of this Agreement, must notify Care1st of any Exclusions/Adverse Actions or any basis therefore **within two (2) business days** of FDR's/Vendor's learning of any such Exclusions/Adverse Actions or any basis therefore.

9. Notify Care1st in the event any agreement with a Downstream Entity for the provision of Covered FDR/Vendor Services is amended or terminated to the extent of affecting any services undertaken by the FDR/Vendor to any Care1st Members.

10. Provide to Care1st information and attestations specified by Care1st on any Downstream Entities performing services related to this Agreement in any country other than the United States and its Territories (“Off shore subcontractors”) to enable Care1st to comply with its own obligations on submitting information about such Off shore subcontractors and attestations to CMS. Such information and attestations shall be submitted to Care1st prior to commencing work under this Agreement and, in the case of

new Off shore subcontractors engaged during the term of the Agreement, within thirty (30) days of engaging such Offshore subcontractors.

## 7. ORGANIZATIONAL REQUIREMENTS

As Care1st's business is primarily dependent on its contracts with governmental agencies, it is required to contract only with FDRs/vendors who are fully compliant with state and federal laws applicable to business entities in general and business entities having contracts with companies like Care1st that have contracts with governmental agencies.

The following is a list of some of these major laws /FDRs/Vendors of Care1st have to abide by:

1. Title VI of the Civil Rights Act of 1964
2. Section 504 of the Rehabilitation Act of 1973
3. The Age Discrimination Act of 1975
4. Americans with Disabilities Act
5. The Equal Opportunity Clause contained in 41 CFR Section 60-1.4(a)
6. The Affirmative Action Clauses contained in 41 CFR

FDRs/Vendors are required to ensure that its subcontractors comply accordingly, and to include these requirements in the Vendor's contracts with them.

## 8. TRAINING REQUIREMENTS:

### **Fraud, Waste, and Abuse (FWA) & General Compliance Training:**

Care1st's FDRs/vendors are required to take training on fraud, waste, and abuse and general compliance **within 90 calendar days** of initial contracting, and annually, thereafter. Care1st Health Plan will provide training materials to the vendors/FDRs to train their employees and the vendors'/FDRs downstream entities. The vendors/FDRs will be required to return a completed attestation form to Care1st attesting completion of training requirements. Care1st will validate if vendors/FDRs have met all FWA and compliance training and education requirements on an annual basis. Training materials will be reviewed on an annual basis and will be revised as required by changes in regulatory guidelines, as corrective action to address non-compliance issues, and/or Care1st's changes in policies and procedures.

**Exception on Fraud, Waste, and Abuse (FWA) Training:**

The regulations effective June 7, 2010 implemented a “deeming” exception which exempts first-tier, downstream, and related entities (FDRs) who are enrolled in Medicare Parts A or B from annual FWA education and training ( 42 CFR §422.503(b)(4)(vi)(C)(2) and 42 CFR § 423.504(b)(4)(vi)(C)(3)). Therefore, if an entity or an individual is enrolled in Medicare Parts A or B, the FWA training and education requirement has already been satisfied. In the case of chains, such as chain pharmacies, each individual location must be enrolled in Medicare Part A or Part B to be “deemed.” The deeming exception for FWA training does not apply to the Medicare Parts C and D compliance training and education requirement. Therefore, even if a health care provider, entity, or supplier is deemed for FWA training and education, the requirement for compliance training and education must still be fulfilled.