

HealthSmart Management Services Organization, Inc.
Compliance Program

Standards of Conduct/Code of Conduct

The purpose of the Code of Conduct is to provide guidance for all HSMSO employees and affiliates and to assist in carrying out daily activities within appropriate ethical and legal standards. These obligations apply to HSMSO relationships with clients, their patients/members, Regulatory Agencies, DHCS/CMS/DMHC/OIG/Attorney General and their representatives, our clients, and their contracted Health Plans, patients, affiliated physicians, third-party payers, subcontractors, independent contractors, vendors, consultants, and one another. The code was developed to ensure HSMSO meets its ethical standards, all regulatory and Health Plan compliance/ Fraud/Waste/Abuse and HIPAA polices, and complies with applicable laws and regulations.

The code is intended to be comprehensive and easily understood. Often, the code covers the subject matter fully. However, in some cases the subject matter is complex, necessitating more detailed direction, which is included in a comprehensive set of compliance policies and procedures. These policies expand on or supplement many of the principles articulated in the Code of Conduct.

All HSMSO employees and contractors are expected to comply with the following Code of Conduct. For purposes of the Code of Conduct, employees and contractors includes contracted affiliates, participating providers and suppliers, and other person(s) who are contracted with or working on behalf of HSMSO.

1. Compliance with the Law

HSMSO is committed to conducting all activities and operations in compliance with applicable law.

• Obeying the Law

Employees and Contractors shall not lie, steal, cheat, or violate any law in connection with their employment and/or engagement with HSMSO.

- **Fraud, Waste and Abuse**

HSMSO shall refrain from conduct which would violate fraud, waste, and abuse laws. HSMSO is committed to the detection, prevention, and reporting of fraud, waste, and abuse. HSMSO expects and requires that its Employees and Contractors will not participate in any conduct that may violate fraud, waste, and abuse laws. Generally, these laws prohibit direct or indirect payments (whether in cash or in kind) in exchange for the referral of patients or services which are paid by Federal and/or State health care programs.

- **Anti-Trust**

All Employees and Contractors must comply with applicable antitrust, unfair competition and similar laws, which regulate competition. Such persons shall seek advice from legal counsel if they encounter any business decisions involving a risk of violation of antitrust laws. The types of activities that potentially implicate antitrust laws include, without limitation, agreements to fix prices, bid rigging and related activities; boycotts; certain exclusive dealings and price discrimination agreements; unfair trade practices; sales or purchases conditioned on reciprocal purchases or sales; and discussion of factors determinative of prices at trade association meetings.

2. **Member Rights**

HSMSO is committed to meeting the health care needs of its clients and their Health Plan members by providing access to appropriate managed healthcare services, in accordance with contractual requirements.

- **Access**

Employees and Contractors shall comply with HSMSO policies and procedures and applicable law governing their members' choice and access to health care services. Employees and Contractors shall comply with all requirements for coordination of medical and support services for persons with special needs. Employees and Contractors shall provide culturally, linguistically, and sensory appropriate services to members to ensure effective communication regarding diagnosis, medical history and treatment, and health education.

- **Emergency Treatment**

Employees and Contractors shall comply with all applicable guidelines, policies and procedures, and law governing HSMSO's Client's Health Plan member access and payment of emergency services including, without limitation, the Emergency Medical Treatment and Active Labor Act ("EMTALA") and state patient "anti-dumping" laws and payment standards.

- **Complaint Process**

HSMSO Employees and Contractors shall ensure that HSMSO Clients and their Health Plan members are informed of their appeal rights through member handbooks and other communications in accordance with HSMSO's Client's contracted Health Plans policies and procedures and applicable law. Employees and Contractors shall address, investigate, and assist HSMSO in coordinating resolution of Clients and Health Plans member complaints and grievances in a prompt and nondiscriminatory manner, in accordance with Policies and applicable law.

3. **Business Ethics**

In furtherance of HSMSO's commitment to the highest standards of business ethics, employees and affiliates shall accurately and honestly represent HSMSO and shall not engage in any activity or scheme intended to defraud anyone of money, property, or honest services.

- **Candor & Honesty**

HSMSO requires candor and honesty from individuals in the performance of their responsibilities and in communications with HSMSO's supervisors, attorneys, and auditors. No Employee or Contractor shall make false or misleading statements to any Health Plan members and/or persons or entities doing business with HSMSO or about products or services of HSMSO.

- **Financial Reporting**

All financial reports, accounting records, research reports, expense accounts, timesheets, and other documents must accurately and clearly represent the relevant facts or the true nature of a transaction. HSMSO maintains a system of internal controls to ensure that all transactions are executed in accordance with management's authorization and recorded in a proper manner. Improper or fraudulent account documentation or financial reporting is contrary to the policy of HSMSO and may be in violation of applicable law.

- **Regulatory Agencies and Accrediting Bodies**

HSMSO will deal with all regulatory agencies and accrediting bodies in a direct, open, and honest manner. Employees and Contractors shall not take action with regulatory agencies and accrediting bodies that is false or misleading.

4. **Confidentiality**

Employees and Contractors shall maintain the confidentiality of all confidential information in accordance with applicable law and shall not disclose such confidential information except as specifically authorized by HSMSO policies, procedures, and applicable law. Refer to HSMSO's Handbook for HIPAA Agreement.

- **No Personal Benefit**

Employees and Contractors shall not use confidential or proprietary HSMO information for their own personal benefit, or for the benefit of any other person or entity, while employed at or engaged by HSMSO, or at any time thereafter.

- **Duty to Safeguard Member and Medical Confidential Information**

Employees and Contractors shall safeguard HSMSO member identity, eligibility, and medical information, and all other confidential information in accordance with HSMSO's policies and procedures and applicable law.

- **Personnel Files**

Personal information contained in employee personnel files shall be maintained in a manner designed to ensure confidentiality, in accordance with applicable law.

- **Proprietary Information**

HSMSO shall safeguard confidential proprietary information including, without limitation, Client's information and proprietary computer software, in accordance with and, to the extent required by, contract or law. HSMSO shall safeguard information of providers and clients; their Health Plan members; their identification numbers including, without limitation, Medi-Cal license,

Medicare numbers, social security numbers; and other identifying numbers and information.

5. **Conflicts of Interest**

Employees owe a duty of undivided and unqualified loyalty to HSMSO.

- **Conflict of Interest Code**

Designated employees shall comply with the requirements of the HSMSO Conflict of Interest Code. Employees are expected to conduct their activities in a manner that will avoid impropriety and/or the appearance of impropriety, which might arise from the influence of those activities on business decisions of HSMSO, or from disclosure of HSMSO's business operations.

- **Outside Services and Interest**

Employees shall not perform work or render services to any clients, contractor, association clients of Contractors or other organizations with which HSMSO does business or which seek to do business with HSMSO. No Employee shall be a director, officer, or consultant of any Contractor or association of Contractors, nor permit his or her name to be used in any fashion that would tend to indicate such association, without prior written approval by the President.

6. Business Relationships

- **Business Inducements**

Employees and Contractors shall not seek to gain advantage through improper use of payments, business courtesies, or other inducements. The offering, giving, soliciting, or receiving of any form of bribe or other improper payment is prohibited. Employees, Contractors, and providers shall not use their positions to personally profit or assist others in profiting in any way at the expense of Federal and/or State health care programs, HSMSO or HSMSO clients and their Health Plan members.

- **Gifts to HSMSO, Inc.**

Employees are specifically prohibited from soliciting and accepting personal gratuities, gifts, favors, services, entertainment, or any other things of value from any person or entity that furnishes items or services used, or that may be used, in HSMSO and its programs unless specifically permitted under HSMSO policies. Employees may not accept cash or cash equivalents. Perishable or consumable gifts given to a department or group are subject to specific limitation, which includes prior written approval for lunches, snacks, and/or giveaways.

- **Third-Party Sponsored Events**

HSMSO's joint participation in Client's contractor, vendor, or other third-party sponsored events, educational programs and workshops are subject to strict compliance with applicable law including gift of public fund requirements and fraud, waste and abuse

prohibitions, and must be approved in accordance with HSMSO, Health Plan and CMS guidelines, policies and procedures on this subject. In no event, shall HSMSO participate in any joint Client , vendor, or third-party sponsored event where the intent of the other participant is to improperly influence, or gain unfair advantage from, HSMSO or its operations. Employees' attendance at Clients, vendor or other third-party sponsored events, educational programs and workshops is generally permitted where there is a legitimate business purpose, **but must have prior written approval** in accordance with HSMSO policies.

- **Provision of Gifts to Government Agencies**

Employees and Contractors shall not offer or provide any money, gifts, or other things of value to any government entity or its representatives, except campaign contributions to elected officials in accordance with applicable campaign contribution laws.

- **Broad Application of Standards**

HSMSO intends that these standards be construed broadly to avoid even the appearance of improper activity.

7. Protection of Company's Assets

Employees and Contactors shall strive to preserve and protect the Company's financial assets by making prudent and effective use of HSMSO's resources and properly and accurately report the Company's financial Assets.

- **Personal Use of Company Assets**

All Employees and Contractors shall refrain from converting assets of the Company to personal use. All property of HSMSO shall be used in a manner designed to further HSMSO's interest rather than the personal interests of any individual. Employees and Contractors are prohibited from the unauthorized use or taking of HSMSO's contracts, contract templates, proprietary, confidential information, provider/member lists, rates, equipment, supplies, materials or services. Employees shall obtain prior written approval from the President of HSMSO and their manager before engaging in any activity on HSMSO time which will result in remuneration to the Employee from a party other than HSMSO.

- **Communications**

All communications systems, texting, electronic email, internet/intranet and system access, or voicemail, et al are the property of HSMSO and are to be primarily used for business purposes. Employees and Contractors should assume that the communications are not private. Employees and Contractors shall adhere to the highest standards of professional conduct and personal courtesy in the type, tone, and content of all written, verbal, and electronic communications and messages.

- **Electronic Mail**

Employees and Contractors may not use internal communication channels or access to the internet at work to post, store, transmit, download, or distribute any information or materials which are threatening, knowingly, recklessly, or maliciously false, obscene, or which constitute or encourage criminal offenses, give rise to civil liability, or otherwise violate any laws. The internal communication channels or access to the internet/intranet may not be used to send chain letters, personal broadcast messages, or copyrighted or propriety loaded documents that are not authorized for reproduction, nor are they to be used to conduct a job search or open misaddressed mail. Those who abuse the communication systems or use them excessively for non-business purposes may lose these privileges and be subject to disciplinary action.

8. Discrimination

HSMSO acknowledges that fair and equitable treatment of employees, clients and their Health Plan members, their contracted providers, and other persons, is fundamental to fulfilling the Company's mission and goals.

- **No Discrimination**

Employees, Clients, and Contractors shall not unlawfully discriminate on the basis of race, color, religion, sex (including pregnancy, childbirth, or related medical conditions), national origin, ancestry, age, physical disability, mental disability, medical condition, family care leave status, veteran status, marital status, or sexual orientation. HSMSO is committed to providing a work environment free from discrimination and harassment based on any classification noted above.

- **Reassignment**

HSMSO and its contracted Clients shall not reassign members in a discriminatory manner, including decisions based on the enrollee's health status.

9. Participation Status

HSMSO requires that participating providers and suppliers have valid and current licenses, certificates, and/or registration, as applicable.

- **Participation Status**

Employees and Contractors shall (i) not be currently suspended, terminated, debarred, or otherwise ineligible to participate in any Federal or State health care program, including Medi-Cal program and Medicare programs; and/or (ii) not have been excluded from participation in Federal and/or State health care programs based on a Mandatory Exclusion at any time; and/or (iii) have met HSMSO requirements regarding felony conviction status as set forth in HSMSO policies.

- **Disclosure of Participation Status**

Employees and Contractors shall disclose to HSMSO whether (i) they are currently suspended, terminated, debarred, or otherwise ineligible to participate in any Federal and/or State Health Care program; and/or (ii) have ever been excluded from participation in Federal and/or State health care programs based on Mandatory Exclusion; and/or (iii) have met HSMSO's Felony Conviction status requirements as set forth in HSMSO Policies, as applicable.

- **Delegated Third Party Administrator Review**

HSMSO requires that its Physician Groups and Third Party Administrators review participating providers and suppliers for licensure and participation status as part of the delegated credentialing and re-credentialing process.

- **Licensure**

HSMSO requires that all Employees, Contractors, Participating Providers and Suppliers who are required to be licensed, credentialed, certified and/or registered in order to furnish items or services to HSMSO and its Clients for their Health Plan members, have valid and current licensure, credentials, certification and/or registration, as applicable.

10. Government Inquiries

Employees shall notify HSMSO upon receipt of Government inquiries and shall not destroy or alter documents in response to a government request for documents or information.

- **Notification of Government Inquiry**

Employees shall notify their Supervisor immediately upon receipt (at work or at home) of an inquiry, subpoena, or other agency or government request for information regarding HSMSO.

- **No Destruction of Documents**

Employees shall not destroy or alter HSMSO information or documents in anticipation of, or in response to, a request for documents by any governmental agency or from a court of competent jurisdiction.

11. Compliance Program Reporting

Employees and Contractors have a duty to comply with HSMSO's Compliance Program and such duty shall be a condition of their respective appointment, employment, or engagement.

- **Reporting requirements**

All Employees and Contractors are expected and required to promptly report suspected violations of any statute, regulation, or guideline applicable to Federal and/or State health care programs or of HSMSO's own Policies, in accordance with HSMSO's reporting Policies and its Compliance Plan. Such reports may be made to a Supervisor.

- **Disciplinary Action**

Failure to comply with the Compliance Program, including the Code of Conduct, Policies, and/or applicable statutes, regulations, and guidelines may lead to disciplinary action. Discipline for failure to abide by the Code of Conduct may, in HSMSO's discretion, range from verbal warning to termination, in accordance with HSMSO's Policies. In addition, failure to comply may result in the imposition of civil, criminal, or administrative fines on the individual, entity, and HSMSO, which may result in the exclusion from participation in Federal and/or State health care programs.

- **Certification**

All Employees and Contractors are required to certify, in writing, that they have received, read, understand, and will abide by the Code of Conduct and applicable Policies.