

2020
CODE OF
CONDUCT



Capital BlueCross has established its Code of Conduct as our moral compass to keep our company ethical and committed to always doing what is right. Just as you strive to remain healthy, Capital BlueCross must remain strong in integrity, professional responsibility, and regulatory compliance to keep our company healthy.

Our Code of Conduct provides a point of reference and guidance to help you make the right decisions while performing your job responsibilities. If you are unable to find answers to your particular situation, you are always welcome to contact our Compliance department or you may speak with your supervisor.

Let's commit to not just reading the Code of Conduct but to living it!

Sincerely,

Todd A. Shamash
President and CEO





Our Code of Conduct serves as a framework for ethical decision making at Capital BlueCross. No code or policy can anticipate every possible situation or dilemma that may arise, but it can and does serve as a written guide for the values, expectations, and principles we believe are important and critical to the success of our organization. Our Code of Conduct also details our expectations and standards for our relationships with vendors and other partners.

Capital BlueCross' leadership team and our board of directors believe we are all accountable for ensuring that the ongoing success of our company is built on a culture of integrity and commitment to the highest professional, ethical, legal, and regulatory compliance standards.

On behalf of the board of directors and the Compliance department, we join Todd Shamash in affirming Capital BlueCross' commitment to act and lead with integrity. It is who we are at Capital BlueCross, and the strength of our brand reinforces that commitment.

Thank you for doing the right thing every day for our stakeholders, for each other, and for our business.

Sincerely,

Velma Redmond
Board of Directors
Chair, Compliance & Risk Committee

Patricia Higgins
Chief Compliance Officer

Table of Contents

Our Mission	7
Fit for Excellence	8
Section 1	9
A. Commitment to Ethical Business Practices	10
B. Commitment to Protection of Employee and Member Information.....	11
C. Responsibility of Board Members and Committee Members; Disclosure Statement.....	11
D. Responsibility of External Entities	12
Section 2	13
A. Avoid and be Alert to Potential Conflicts of Interest.....	14
1. Personal Gain	14
2. Outside Activities.....	15
3. Use of Corporate Assets and Electronic Communication	15
4. Social Media	16
B. Ensure Accurate Reporting and Protection of Corporate Information	16
1. Proper Accounting.....	16
2. Member Information	17
3. Other Proprietary and Confidential Information.....	17
4. Secure Data	18
5. Record Retention	18
6. Intellectual Property.....	18
7. Use of Software.....	19
C. Understand and Participate in the Company's Commitment to a Safe and Healthy Workplace ..	19
1. Workplace Access.....	19
2. Workplace Violence.....	20
3. Harassment/Sexual Harassment	20
4. Substance Abuse	21
5. The Environment.....	21
Section 3	22
A. Gifts and Entertainment	23
1. Giving and Receiving Gifts	23
B. Conference and Seminar Sponsorships/ Travel Reimbursement	25
C. Participation in External Forums and Honoraria	25
1. Conferences/Seminars and External Forums: Potential Business-related Scenarios and Guidelines	26
D. Contacts with Government Representatives	27
E. Kickbacks and Rebates.....	27
F. Reciprocity	28
G. Payments to Agents, Brokers, and Consultants	28

- H. Ethics of Competitive Intelligence28
- Section 4..... 29**
- A. Fraud, Waste, and Abuse30
- B. Government Health Benefit Contracts.....32
- C. Ineligible Persons.....33
- D. Fair Competition and Antitrust Laws.....33
- E. Political Activity in Connection With Work33
- F. The Company’s Commitment to Equal Opportunity/ Affirmative Action34
- G. Responding to a Government Investigation.....34
- H. Responding to Media Inquiries.....35
- Section 5..... 36**
- A. Report Suspected Violations37
- B. What to Expect When Submitting a Report37
 - 1. Non-Retaliation.....37
 - 2. Investigation38
 - 3. Corrective Action38
 - 4. Legal Reporting Requirements39
- C. Conclusion39
- Appendix A: Contact Information40**
- Appendix B: Gifts and Entertainment.....42**
- Frequently Asked Questions (FAQs).....45**

Our Mission

Our mission is to improve the health and well-being of our members and the communities in which they live.

As employees who support the mission, Capital BlueCross believes that:

We strive for excellence in all we do.

We are passionate about serving our customers, our community, and each other. We relentlessly challenge the status quo. And we work as one team united by a shared purpose.

We provide leadership in service:

We continually seek to understand, anticipate and meet the needs of those who depend on us (our members, providers, producers and our Capital BlueCross team). We take the initiative to resolve challenges, only stopping when we address the root cause. We act with urgency and integrity.

We think innovatively:

We ask the questions: why, how, and what. We seek to reinvent and redefine the healthcare experience. We act with urgency and integrity.

We work as one team:

We lead by example, taking responsibility for our actions, words and outcomes. We work together with a can-do attitude and get it done. We trust every individual on the Capital BlueCross team to do what's right, for our customers and the company. We act with urgency and integrity.

Fit for Excellence

Our Fit for Excellence mindset, derived from our passion to be smarter, faster, and more efficient, will help us to succeed as a company. By committing to forward thinking and innovation, we are distinguishing Capital BlueCross in the market.

Fit for Excellence embraces the concept that we are so much more than a health insurance company—we strive for excellence in everything we do!

Notable Highlights

We have continued our efforts to make important information in the Code of Conduct easily available to employees. Highlighted below are key pieces of information that may be useful to you. This is not a complete list but identifies the most important updates.

Disclosure Statement Reminder

Language is included to remind individuals that they need to report any midyear updates on their Disclosure Statement and Certification form. See Section 1.C.

Gifts and Entertainment

Includes Government and Commercial Business Guidelines

Appendix B includes important information pertaining to government and commercial regulations and guidelines for giving gifts.

FAQs

The FAQ section provides examples of potential situations when you should reference the Code of Conduct.

Reporting Contacts

Appendix A includes updated Compliance department contact information and other important numbers to know.

Ethical Decisions Framework

Reference this framework when making difficult ethical decisions.

Section 1

What Does it Mean to Conduct Business with INTEGRITY?

Integrity is “adherence to moral and ethical principles; soundness of moral character; and honesty.”

Acting with integrity means living the Capital BlueCross Code of Conduct, not just reading it. Keep your Code of Conduct accessible and refer to it when questions arise. You can access our Code of Conduct electronically under the Compliance section of CrossNet.

Capital **BLUE** 

A. Commitment to Ethical Business Practices

At Capital BlueCross¹ (“Capital BlueCross” or “the Company”), we are committed to conducting business with integrity—being respectful, fair, and honest with our members, business partners, colleagues, competitors, the media, and the charitable and community organizations we sponsor. Our success depends on making and keeping this commitment to all of our Capital BlueCross stakeholders, not just today, but over the long term. This Code of Conduct (or “the Code”) explains how we can showcase that integrity in everything we do. As employees, we have daily opportunities to model integrity as we carry out our responsibilities and interact with fellow team members in the Company. With respect to Capital BlueCross business, the Code governs the conduct of all employees and, when they are acting on behalf of the Company, members of the board of directors, members of medical and dental review and advisory committees, consultants, vendors, and third party contractors (collectively, “Stakeholders”).

As Capital BlueCross employees and Stakeholders, we are expected to follow both the spirit and the letter of the Code in all Company matters. We all share a responsibility to:

- Understand the issues covered by the Code and other Capital BlueCross policies and procedures that apply to your job.
- Observe all laws and regulations that apply to Capital BlueCross business.
- Understand that abiding by the Code in your daily work activities is a mandatory part of your job.
- Speak up if you have concerns about integrity or suspect violations of the law, the Code, or Capital BlueCross policies and procedures.
- Not retaliate against an employee or Stakeholder who relates a good faith compliance concern or question.
- Report retaliation if you believe it is occurring (See Section 5.B.1 and corporate policy **HR-741**, Non-Retaliation).

¹ This term includes Capital BlueCross subsidiaries, including but not limited to: Capital Advantage Insurance Company®, Capital Advantage Assurance Company®, Keystone Health Plan® Central, Consolidated Benefits, Inc., Dominion National, Geneia LLC, Avalon® Insurance Company, Vibra Health Plan

B. Commitment to Protection of Employee and Member Information

At Capital BlueCross, we are committed to protecting confidential information, including employee and member information. Capital BlueCross restricts access to confidential employee-related information only to those employees and vendors/service providers who need the data to provide services to our employee population. Reasonable caution is taken to maintain physical, electronic, and procedural safeguards to protect this personal data. The safeguards are reviewed periodically by both independent and internal auditors.

Capital BlueCross is committed to protecting the Protected Health Information (PHI) of its members, including the PHI of its employees as members. See Section 2.B.2 and corporate policy **HR-735**, Privacy of Member Information, for guidance that ensures compliance with all state and federal laws regarding the use and disclosure of member information.

As an example, we must protect employment-related information and as a result, verbal employment verification requests regarding current and former employees must be directed to Human Resources and will be limited to confirmation of employment dates and last position held.

C. Responsibility of Board Members and Committee Members; Disclosure Statement

Members of the Capital BlueCross Board of Directors (Directors) are responsible, at the highest level, for making strategic and policy decisions that are carried out by our Company's officers and other employees. Members of the Capital BlueCross medical and dental committees (Committee Members) review information and make recommendations related to clinical matters. Even though Directors and Committee Members are typically not employees of Capital BlueCross, when they are engaged in activities related to the Company, the Code of Conduct applies to them. Our corporate officers are responsible for the day-to-day operations of Capital BlueCross, including delegation of certain Company responsibilities to employees, when appropriate. (For purposes of the Code of Conduct, the term "employee" is intended to also include Directors, Committee Members, and officers.)

Because of their responsibilities, Directors and officers have a special relationship with Capital BlueCross, which is known as a "fiduciary" relationship. Under the law, a fiduciary is required to act with utmost good faith and to exercise his or her powers solely in the interest of Capital BlueCross and not in pursuit of self-interest. A fiduciary agrees to give diligent attention to the business of the Company and to be faithful and honest in the discharge of the duties of the office. Because of this special relationship, adherence to our Code of Conduct by our Directors and officers is of utmost importance, especially with respect to conflicts of interest.

Our Directors, Committee Members, and officers are required to make decisions reasonably believed to be in the best interests of Capital BlueCross. They are required to avoid conflicts of interest and to disclose any potential conflict of interest as soon as the conflict is discovered. All Directors, Committee Members, officers, and employees are required to complete an initial and annual Disclosure Statement and Certification form, on which they identify any potential conflicts of interest and confirm their commitment to the protection and nonuse of confidential data. They also certify that they have read and understand the Code and other important corporate policies and agree to abide by them. It is important to remember that individuals are under a continuing obligation to promptly report to the Compliance department any updates to their Disclosure Statement and Certification form that arise throughout the year. This includes promptly reporting any new conflict of interest situations and any new details, or changes in circumstances, regarding any disclosures previously made.

D. Responsibility of External Entities

Capital BlueCross contracts with a number of entities for various services relating to the administration or delivery of health, prescription drug, dental, vision, and/or government-sponsored benefits. Our Code of Conduct is available to our external entities and, upon request, to their business partners. We further encourage them to adopt and follow a Code of Conduct that embraces a similar commitment to excellence.

Section 2

How Can I Demonstrate INTEGRITY in the Workplace?

Demonstrating integrity in the workplace means conscientiously making the best possible decisions—every day, in every situation.

It means being aware of:

- Disclosing and avoiding potential conflict of interest situations.
- Protecting Capital BlueCross confidential and proprietary information.
- Safeguarding members' PHI.
- Using corporate assets responsibly.
- Making sure reported figures and statistics are factual.
- Paying attention to how we keep and/or discard Capital BlueCross or member information.

In short, we should do everything we can to maintain a safe and healthy work environment.

Capital BLUE 

A. Avoid and be Alert to Potential Conflicts of Interest

At Capital BlueCross, we are expected to use our best efforts to ensure our Company's success, which includes doing everything we can to maintain Capital BlueCross' good reputation. This includes avoiding any activity that could create a conflict between our personal interests and the best interests of Capital BlueCross. This rule applies equally to every employee of the organization, regardless of role. A conflict of interest can occur when you, or a close relative (spouse, child, parent, sibling, step-relative, in-law, or any other household member), have an outside personal or financial interest that interferes with your objectivity in performing your job duties at Capital BlueCross. However, an actual conflict of interest does not need to exist for the Code of Conduct to apply. We should also avoid activities that could create even the appearance of a conflict of interest.

Disclosure to management (supervisor, manager, director, or anyone else in your chain-of-command) and the Compliance department should occur before taking any action in a situation that might raise a conflict of interest question. Disclosure should occur promptly when the situation arises.

The areas discussed below often involve potential conflicts of interest situations.

1. Personal Gain

- a. Outside Connections: As employees, we should not participate in any transaction, situation, or employment where we or a close relative stand to gain personally or financially to the detriment of Capital BlueCross. For example:
 - Being involved in a decision to do business with a company in which you have a financial interest or for which a spouse or other family member works.
 - Receiving personal gain from any commercial opportunities discovered in the course of your job with Capital BlueCross.
 - Accepting an outside position that conflicts, or appears to conflict, with your job duties at Capital BlueCross.
 - Consulting for or holding a second job with a competitor, supplier, or customer.
 - Starting a competing business or pursuing any commercial opportunity that would appear to interfere with the best interests of Capital BlueCross or any of its subsidiaries.
 - Holding an investment in a business that competes directly with Capital BlueCross, except if the investment is not greater than ten percent (10%) of your net worth or your ownership interest does not allow you to influence or control a decision of the company in which you made the investment.
 - Hiring or having a reporting relationship, or other position of influence, with a spouse, relative, domestic partner, or someone with whom you share a significant personal relationship.
 - Accepting an expensive gift from a vendor with whom Capital BlueCross has a business relationship.

If you believe that a conflict of interest exists, or even the appearance of one, you must disclose it either to management or to the Compliance department.

- b. Solicitation: The potential for personal gain at work could also occur through an employee's solicitation of coworkers, e.g., taking orders for party-plan products, promoting personal side businesses, etc. Capital BlueCross has strict guidelines about solicitation, generally prohibiting it at work. However, because Capital BlueCross is strongly committed to our local communities, employees are permitted to support nonprofit organizations within certain guidelines: 1) passive solicitation only, 2) within our own departments, 3) with management approval. See corporate policy **HR-703**, Selling, Canvassing, and Solicitations.

2. Outside Activities

Capital BlueCross values and supports our employees' involvement in community and personal activities. However, our outside activities, including other employment, should not interfere, either directly or indirectly, with our work performance or in any way negatively impact Capital BlueCross' reputation in the community.

3. Use of Corporate Assets and Electronic Communication

All systems of electronic communications and other corporate assets (such as supplies, computers, telephones, or other equipment) are provided solely for business use by employees on behalf of Capital BlueCross. Corporate assets must not be used for personal reasons, either at work or away from work, except as approved by management for minimal use (e.g., during break and lunch periods). As important, we must always remember good etiquette and professionalism are important aspects of email and all other forms of electronic communication.

Corporate assets, email, and the Internet are controlled by Capital BlueCross and are subject to audit. Any limited personal use should not:

- Interfere with normal business activities.
- Involve solicitation.
- Be associated with any personal for-profit business activity.
- Present personal opinion that could be construed as representing approved corporate policy or opinion, including personal websites, blogs, and social networking environments (e.g., Facebook, Instagram, LinkedIn, or Twitter).
- Involve pornographic, violent, or other offensive materials.

Remember, management may periodically access any employee's corporate electronic communications, without consent and without prior notice. Inappropriate use of corporate funds and assets may result in corrective action, up to and including termination of employment. See corporate policies **IT-110**, Computer Use and Information Security; and **HR-903**, Involuntary Termination of Employment.

4. Social Media

Employees' use of social media should be consistent with all Capital BlueCross policies, including but not limited to, those referenced in corporate policy **HR-742**, Social Media Usage, as well as those included in Employee Disclosure Statement and Certification forms.

Equipment and/or work time should not be used to engage in personal social media activities. Capital BlueCross reserves the right to monitor all work-related Internet/social media activity. The use of corporate passwords for security does not guarantee confidentiality. Be mindful that postings may become public.

Capital BlueCross employees may not post on social media anything in the name of Capital BlueCross, or anything that could reasonably be attributed as approved by Capital BlueCross, without prior authorization from senior management. Capital BlueCross has a defined unit within the company, Brand and Market Strategy, which is authorized to communicate on behalf of the organization. See corporate policy **HR-742** for more details.

B. Ensure Accurate Reporting and Protection of Corporate Information

1. Proper Accounting

Capital BlueCross deals with important financial information every day and maintains internal controls to verify that transactions are recorded in accordance with applicable laws and corporate policies. Capital BlueCross relies on all of us to be complete, accurate, and honest in recording, preparing, and reporting information. Improperly altering or destroying financial records or expense records is prohibited. With the exception of travel advances, Capital BlueCross may not extend or maintain credit, nor arrange for or renew an extension of credit in the form of a personal loan to or for any employee.

No secret or unrecorded funds or assets may be created or maintained for any purpose. Making false or fictitious entries in the records of Capital BlueCross with respect to any transaction or the disposition of corporate assets is prohibited, as is any employee's participation in such transactions. In order to ensure that the financial statements of Capital BlueCross fully and fairly disclose the financial condition of the Company and are not misleading, you (and/or anyone acting under your direction) are prohibited from taking any action which would improperly influence, coerce, manipulate, or mislead: (i) any independent public or certified accountant engaged in the performance of an audit of the financial statements of Capital BlueCross or (ii) any member of Capital BlueCross' Internal Audit department who is performing an internal audit or investigation.

We must cooperate fully in any audit or investigation being conducted. Any falsification or attempts to coerce, manipulate, or mislead may result in corrective action up to and including termination. See corporate policy **HR-903**, Involuntary Termination of Employment.

2. Member Information

Capital BlueCross sends, receives, uses, and maintains large volumes of member information. Our members trust us with some of their most sensitive information. It is our obligation to diligently protect the privacy and the security of that information. Most member information is considered PHI, whether used alone or in connection with other medical information, such as diagnosis, procedure codes, and medical records, and includes, but is not limited to:

- Name
- Address
- Social security number
- Contract number
- Date of birth
- Date of service

As employees of Capital BlueCross, we are each responsible for ensuring that PHI is safeguarded, not only in the Company's computer systems and filing cabinets, but in every way that we use and share it. This includes verbal conversations in the hallway or on the telephone, information printed out, and information sent back and forth by email, fax, regular mail, etc. See corporate policy **HR-735**, Privacy of Member Information. Questions about any privacy issue related to member information should be directed to the Privacy Office.

3. Other Proprietary and Confidential Information

In addition to member information, Capital BlueCross receives and generates a large amount of information that is confidential and/or proprietary. This includes any company-specific information that is not intended for public knowledge, whether specific to Capital BlueCross or to companies with whom we conduct business.

As employees, we have an obligation, both during and after employment, to protect the confidential and proprietary information of Capital BlueCross, our customers, and our vendors. Confidential or proprietary information should be disclosed only to employees who have a specific business need to know it.

It should be disclosed to outside parties only in accordance with Capital BlueCross policies, confidentiality agreements reviewed by the Legal department, or as required by a valid court order that has been provided to the Legal department.

In order to avoid inadvertent disclosures of any confidential or proprietary information of Capital BlueCross, we must be especially cautious about discussing confidential information in social settings. One innocent disclosure may be enough to damage the reputation and competitive position of Capital BlueCross with our customers or violate the law.

See corporate policies **HR-701**, Confidentiality and Proprietary Information; and **HR-735**, Privacy of Member Information.

4. Secure Data

Much of Capital BlueCross' data resides in an electronic format where a secure login is required to gain access. All employees are expected to use user ID, passwords/passphrases, and security codes responsibly, which includes not sharing them with anyone and not facilitating unauthorized access to Capital BlueCross systems. It is equally important to securely transmit and place data in appropriately secured areas that are protected by Capital BlueCross' security mechanisms. Corporate data must never be placed on noncorporate assets, such as personal mobile devices or home computers without the use of IT-approved technical controls. Capital BlueCross business is to be conducted only through company-controlled resources where appropriate data protection and logging are available (corporate email, fax, or file transmission).

5. Record Retention

Capital BlueCross records, including electronic information, are maintained and discarded in accordance with the Company's record retention policy and procedures, which are based on federal and state laws and regulations (for example, requirements under state insurance law and specific standards for Federally Facilitated Marketplace [FFM] and Medicare business). Failure to maintain Capital BlueCross records in accordance with these requirements may result in fines and penalties against the Company. Documents that are required to be retained are to be maintained in their original state. Documents may not be revised or modified once they have been identified for retention.

Destruction of any information relating to a pending lawsuit or government audit could result in serious consequences for you and Capital BlueCross. If there is uncertainty about whether documents may be destroyed, consult with management, the records manager, the Legal department, or the Compliance department.

See corporate policies **PF-301**, Management and Retention of Corporate Business Records; and **PF-304**, Email Retention.

6. Intellectual Property

Intellectual property generally consists of knowledge or creative ideas that have a monetary value and/or are protected under copyright, patent, service mark, trademark, or trade secret laws.

Capital BlueCross protects its own intellectual property. Capital BlueCross also respects and often has the legal obligation to protect the intellectual property of others, such as outside vendors. Contact Vendor Management or the Legal department with any questions about using licensed property, such as software or publications. Any suspected improper use of intellectual property should be reported to management or the Compliance department.

7. Use of Software

When Capital BlueCross purchases software, it generally does not own the software itself. Instead, we purchase a license to use the software in accordance with the vendor's restrictions. For example, using the software only for Capital BlueCross' internal business purposes and/or limiting the number of copies that can be made. Unauthorized copies of any software could result in civil and criminal penalties.

Employees may never install, download, or copy any software, including any from the Internet, unless the software is specifically approved or appropriately licensed to Capital BlueCross. Furthermore, copying a software application to more than one Company computer or to your personal computer is generally prohibited unless Capital BlueCross has granted you specific permission to do so. Any improper use of software licenses should be reported to management or the Compliance department.

C. Understand and Participate in the Company's Commitment to a Safe and Healthy Workplace

Capital BlueCross recognizes that its greatest and most valuable asset is its workforce and is committed to making every effort to provide employees with a safe working environment. Capital BlueCross policy expects that we comply with all safety and health-related laws and regulations. See corporate policy **HR-711**, Building Security and Use of Facilities. Issues of safety are especially important in the following five areas.

1. Workplace Access

It is every employee's responsibility to assist in keeping the workplace safe and secure. This begins by always displaying our employee badges while at work and being aware of anyone who is not displaying a badge (employee, contractor, or visitor). Visitors must be escorted at all times by their host employee. An individual without a badge must be escorted to the front desk to obtain one.

Access to Capital BlueCross facilities and restricted areas requires employees to show or swipe their own access badge. As a courtesy, you can hold open a perimeter door for an individual who is displaying an authorized badge. However, if a badge is not present, the individual must be escorted to the front desk. For restricted areas, such as a data center, you should not allow anyone to follow you through any internal secure door. Each individual must present his/her own access badge. If an individual must enter a restricted area without authorized access, he/she must sign a log book and be escorted at all times.

See corporate policy **HR-711**, Building Security and Use of Facilities.

2. Workplace Violence

Capital BlueCross strictly prohibits any act or threat of violence by an employee against another employee or any other person on Capital BlueCross property or while conducting Company business. Prohibited conduct includes, but is not limited to:

- Assaults.
- Harassment.
- Physical, verbal, or written intimidation.
- Possession of weapons, including guns, knives, explosives, or the like, which are strictly prohibited on Capital BlueCross property, in Company vehicles, or anywhere else while on Capital BlueCross business.

Such conduct may result in immediate termination. In addition, threats of violence by nonemployees, such as disgruntled customers or other persons, must be reported immediately to management, Human Resources, or the Vice President of Facilities and Support Services. See corporate policies **HR-729**, Violence in the Workplace; **HR-711**, Building Security and Use of Facilities; and **HR-903**, Involuntary Termination of Employment.

3. Harassment/Sexual Harassment

Capital BlueCross does not tolerate unlawful harassment or sexual harassment by or against any employee or other individual who represents or serves Capital BlueCross.

Harassment is broadly defined as any unwelcome or offensive conduct committed by coworkers, vendors, customers, or other individuals. Discriminatory harassment involves unwelcome or offensive conduct with regard to another individual's race, color, sex, religion, national origin, age, disability, or any other basis protected by law. See corporate policy **HR-732**, Harassment.

Examples of harassment include, but are not limited to:

- Derogatory nicknames, comments or slurs, or gestures.
- Derogatory posters, screen savers, or cartoons.
- Assault, intentional blocking, or interfering with normal conduct.
- Inappropriate words, labels, or symbols used as IDs, passwords, computer sign-offs, or greetings.
- Threats, intimidation, bullying, or other forms of harassment, which have the effect of disrupting an employee's work environment.

Sexual harassment generally exists in two forms: 1) requests for sexual favors in exchange for continuation of employment, or for taking or not taking other job related actions, such as promotions or corrective action and 2) a sexually offensive working environment. See corporate policy **HR-710**, Sexual Harassment.

Examples of sexual harassment include, but are not limited to:

- Unwelcome sexual advances, propositions, or requests for sexual favors.
- Unwanted physical contact, including touching, rubbing, or brushing up against another.
- Verbal harassment, such as suggestive comments, sexual innuendos, or jokes of a sexual nature.
- Nonverbal conduct, such as obscene gestures, leering, whistling, or displaying or circulation of sexually suggestive objects or pictures.
- Aggressive, intimidating, or “bullying” conduct directed toward someone because of his or her gender, even if not sexual in nature.

If you experience or observe harassment or sexual harassment in the workplace, you are required to report the incident promptly to management, Human Resources, or the Compliance department.

4. Substance Abuse

Capital BlueCross strictly prohibits the possession, use, or distribution of illegal drugs or alcohol on Company property or while conducting Capital BlueCross business. An employee may not report to work or remain at work if, in the opinion of management, job performance is impaired because of the influence of legal or illegal drugs or alcohol. During certain approved business-related activities, however, conservative consumption of alcohol on Company property is permitted, e.g., Capital BlueCross-sponsored dinner meetings or banquets.

5. The Environment

Capital BlueCross is committed to making environmentally sound choices, and we ask all employees to do the same. Capital BlueCross supports local recycling efforts and incorporates energy and water-saving devices in our buildings. In many segments of our business, we have moved to digital distribution of member and provider communications rather than hard copies mailed through the postal service. Employees should each be mindful of what they use and how they use it and look for opportunities to minimize, reuse, and recycle waste at our facilities. Each of us should consider the impact on the environment before printing documents and help Capital BlueCross conserve energy by turning off computers, monitors, and unnecessary lighting after business hours.

In the event that employees print documents that contain confidential information or PHI, they are required to appropriately dispose of these documents by placing them in the approved blue bin containers located at their workstations. It is never acceptable to place documents of this nature in the gray bins or trash cans.

Section 3

How Does INTEGRITY Affect My Business Relationships Outside the Workplace?

As employees, we are expected to foster courteous and productive working relationships with Capital BlueCross vendors and customers and abide by the terms of our contracts. This includes:

- Being fair and honest.
- Providing accurate information and representations.
- Protecting a vendor's or customer's confidential and proprietary information.
- Following Capital BlueCross policy when giving or receiving gifts and entertainment.

Capital **BLUE** 

A. Gifts and Entertainment

Gifts and entertainment, both to and from outside entities, raise many questions. Because Capital BlueCross policy requires handling gifts and entertainment differently, we start by defining them.

A gift is any item, activity, privilege, etc., that is given from one person or group to another with the intention that the recipient will use the gift at their personal discretion and within a timeframe of their choosing.

Entertainment, which may include meals, also involves giving and receiving an activity or privilege, but with the intent that the gift-giver will accompany or host the recipient(s). Entertainment does not necessarily have the same monetary restrictions as gifts.

Any gift given or received, or entertainment hosted or attended, must comply with law, customary business practices, and the Code.

In certain instances, government reporting may be required. For example, entertainment or gifts given to labor unions or labor representatives must be carefully documented, as reporting to the Department of Labor or other government agency may be required. Gifts and entertainment provided by Capital BlueCross' Government Affairs department are also guided by both state and federal laws. Providing meals or entertainment to federal employees is strictly prohibited under federal law.

The following sections provide helpful guidance for employees when questions arise about appropriate business-related gifts or entertainment.

1. Giving and Receiving Gifts

Giving and receiving business gifts have long been considered part of good business etiquette. However, gifts and entertainment, both to and from outside entities, raise many questions. We need to make sure that our decisions are not influenced by favoritism or other inappropriate motives. The safest course of action is not to give or receive any gifts at all. Sometimes, circumstances may arise when that is not possible. If you must give or receive a gift, inexpensive or promotional items are appropriate if the item is widely available to others and if the exchange is legal. Even inexpensive gifts should not be given or accepted if they are intended as, or could *be perceived to be*, an attempt to influence business decisions or otherwise illegal or inappropriate behavior. Ask your compliance officer for help any time you are unsure about giving or receiving a gift. For guidance and examples of the different gifts and entertainment guidelines, see Appendix B.

Employees may never solicit a gift, either directly or indirectly, from an individual or entity with which Capital BlueCross conducts business. However, from time to time a person or company may choose to offer a gift. While conducting Capital BlueCross business, nonmonetary items may be accepted, up to a maximum of \$100 value per item per calendar year, from any external individual/entity. For specific guidance on what constitutes a nonmonetary gift, see Appendix B.

Cash and cash-equivalent gifts may never be accepted for personal use. Employees who receive cash or cash-equivalent gifts from an external business-related individual or entity have two options:

- **Decline:** You may always politely decline the gift. Please contact the Compliance department for a copy of the Gift Gratuity Return Letter template.
- **Donate:** Because Capital BlueCross cares deeply about the needs of our local communities, you may donate the gift to a corporately sponsored charitable organization of your choice, as coordinated by the Compliance department, through an established and documentable process. It is preferable that checks are made payable to Capital BlueCross or that a cash gift is contributed directly to a charity by the vendor providing the gift. The Compliance department will provide additional guidance, as necessary, for checks made payable to employees and for gift cards. Because cash or cash-equivalent gifts are transferred to a charity, disclosure to the government for tax purposes is not required.

Gift Cards are considered cash equivalent and therefore may not be accepted for personal use. If a gift card has been received, the employee should coordinate with the Compliance department to submit either the gift card or a personal check for the value of the gift card payable to Capital BlueCross.

There are specific regulatory requirements regarding gifts to government and commercial enrollees and employees, including possible reporting requirements. The guidelines are found in Appendix B. See corporate policy **RC-714**, Gratuities and Kickbacks Involving Government Employees and Vendors.

On occasion, it may be acceptable to host or attend a celebratory dinner or function with business partners to mark the end of a project or a deal. However, the following guidelines apply:

- Offered on an infrequent basis.
- Reasonable and appropriate to the occasion.
- Compliant with department or corporate policies and state or federal laws and regulations.
- Preapproved by management.

If you use a Capital BlueCross supplier or contractor for personal purposes, you must pay full market value for the services and materials. In most instances, you may not accept discounts or preferential treatment offered to you because of your position at Capital BlueCross. In certain instances, a discount or preferential treatment may be acceptable if the same treatment is offered openly to all Capital BlueCross associates (e.g., CBCAA discounts).

B. Conference and Seminar Sponsorships/ Travel Reimbursement

In most instances, Capital BlueCross prohibits any outside entity or individual from paying for an employee's expenses to attend a conference, seminar, or other similar event, including those who do business or seek to do business with Capital BlueCross. This includes discounted conference fees or reimbursement for travel, meals, or lodging expenses, as well as offers of gifts or prizes valued at more than \$100. An exception may be made when the reimbursement is part of the terms of a signed agreement that Capital BlueCross has with the outside entity.

Capital BlueCross will reimburse an employee for attendance at a conference or seminar if there is a business reason for the employee to attend, if the employee has received prior approval from management, and if the purpose and cost of the event is within Capital BlueCross guidelines or budget.

C. Participation in External Forums and Honoraria

There may be occasions when an outside group or organization may solicit the expertise of an employee, for example, a professional presentation; participation on a panel, focus group, or advisory council; submission of a written paper; membership on a working board; or other such activities related to our work for Capital BlueCross (e.g., external forums). With approval of management, Capital BlueCross encourages participation in appropriate corporate-, employment-, or community-related forums. Compensation for these types of activities is commonly referred to as honoraria (a nominal payment in recognition of acts of professional services for which custom or propriety does not allow a price to be set).

At Capital BlueCross, *we may not accept honoraria for personal use* for activities that relate to our duties or representation of the Company. If offered, we may accept an honorarium payment *only under the condition that it is donated to a charitable organization*, as outlined in this Code. See Section 3.A.1.

However, Capital BlueCross does allow reasonable reimbursement from a sponsoring organization for registration, travel, lodging and/or food expenses incurred by the participating employee. In these instances, any reimbursement for expenses associated with our participation in external forums must be approved by management in advance.

For appearances, presentations, speeches, or written works that involve outside personal interests, i.e., knowledge or expertise *unrelated* to our duties with or representation of Capital BlueCross, employees may personally accept honoraria. In such circumstances, the employee is responsible for all expenses related to the activity and any arrangements for honoraria. Additionally, the activities must be performed on personal time.

Questions about honoraria should be directed to management or the Compliance department.

1. Conferences/Seminars and External Forums: Potential Business-related Scenarios and Guidelines

- If you are a participant in a business-related conference or seminar that has been approved by Capital BlueCross management, all registration, travel, lodging, and meal costs must be paid by Capital BlueCross.
- From time to time, our Capital BlueCross employees may serve as speakers and panelists at conferences and seminars at local and national levels. If you are a speaker or panelist at a management-approved business-related conference or seminar, you may accept full or partial reimbursement for your registration, travel, lodging and/or food expenses if offered to all speakers in the event from the organization or underwriter sponsoring the event provided the expenses are a reasonable amount. This is true even if you attend additional sessions at the conference as a participant only.
- Sometimes our employees are invited to attend advisory councils or forums as subject matter participants in order to help the organization sponsoring the council or forum improve its products or services. If you are invited to participate at such an event in your role as a Capital BlueCross employee in order to provide industry, subject-matter, or best-practice insight and feedback, you may, with prior management approval, accept reasonable full or partial reimbursement for your registration, travel, lodging, and/or food expenses as long as such reimbursement is offered to all participants. This is because the sponsoring organization is receiving the benefit of your expertise and knowledge.

Important to remember: While you may accept reimbursement in situations like those above, as a Capital BlueCross employee, it is unacceptable to solicit or demand reimbursement when it has not been offered. Further, the Compliance department must review and approve any unique situations to determine if reimbursement is appropriate.

Additionally, as a Capital BlueCross employee, you may not accept a cash or cash-equivalent honorarium or payment for your services, if one is offered. Please politely decline the honorarium or allow a donation to be made directly to a charity instead. Alternatively, you must follow the guidelines in section 3.A.1. of this Code regarding the receipt of cash gifts.

D. Contacts with Government Representatives

Federal and state laws and regulations govern Capital BlueCross' contacts with elected officials and government employees (collectively "government representatives"), as well as any member of a government representative's immediate family. Employees should consult the Legal or Government Affairs department on issues that involve contacts with federal, state, or local government representatives.

Only those chosen by Capital BlueCross for government relations or legal work can formulate and express the Company's views on legislation, regulations, or government action. Other employees may communicate Capital BlueCross' views only with specific guidance from Government Affairs.

Certain prohibitions or restrictions limit what we can offer or give by way of gifts, business courtesies, meals, or entertainment to government representatives. To ensure compliance with government guidelines, all questions should be directed to the Legal or Government Affairs department.

E. Kickbacks and Rebates

Employees must not accept kickbacks (the return of a certain percentage of the purchase price, usually the result of a secret agreement) or rebates from the purchase or sale of any Capital BlueCross goods or services. This prohibition applies to employees' immediate family members, as well. Kickbacks and rebates are not limited to cash or credit. If you or a family member stands to experience any personal gain from the deal, it is generally prohibited. Further, no payment or offer of benefit of any kind, other than those promotional items included in Capital BlueCross' marketing policies which comply with the standards in the Code, may be made to a member, group, or potential member or group, as an inducement to purchase or remain enrolled in any of our products.

Not only are kickbacks and rebates prohibited as provided under the Code, but strict federal laws apply, as well. The federal Anti-Kickback Act prohibits "the direct or indirect offering, giving, soliciting, or accepting of any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind to improperly obtain or reward favorable treatment under any government contract." This includes kickbacks and rebates to or from a vendor, provider, or government agency, or their employees in connection with favorable treatment under a federal healthcare program, such as Medicare. By law, Capital BlueCross is required to report violations of the Anti-Kickback Act to the government, and it is imperative that all suspected violations are reported to the Compliance department. If you violate the Anti-Kickback Act or other anti-fraud laws, you may be subject to corrective action up to and including termination. See corporate policies **HR-725**, Corrective Actions; and **HR-903**, Involuntary Termination of Employment.

Questions about whether a benefit constitutes a kickback or a rebate should be directed to management, Legal, and the Compliance department.

F. Reciprocity

In many instances, Capital BlueCross buys products and services from vendors who purchase health, prescription drug, dental, and/or vision coverage or might, in the future, purchase coverage from the Company. It is appropriate for Capital BlueCross to purchase from these vendors, provided their prices or bids are competitive with vendors who do not purchase our products. However, it is not appropriate for an entity to be pressured into buying our coverage as a condition of doing business with Capital BlueCross.

G. Payments to Agents, Brokers, and Consultants

It is not unusual for Capital BlueCross to enter into agreements with agents, brokers, or consultants to carry out business requirements. These agreements should be in writing and should be approved by appropriate management and submitted through the contract review process, when applicable, or other legal review. The agreements should clearly and accurately state the services to be performed, the basis for payment, the rate of payment or applicable fee, and should conform to all applicable federal and state laws and regulations. See **PF-706**, Contract Review and Approval. Contact Vendor Management if you have questions about preparing or executing a contract.

H. Ethics of Competitive Intelligence

Gathering information about competitors in a legally appropriate manner is quite common and reasonable in the business world, and Capital BlueCross is committed to conducting such activities with the utmost integrity. This commitment includes, but is not limited to:

- Gathering competitive information only from proper sources, such as journal and magazine articles, advertisements, public presentations, publicly posted/distributed documents and brochures; surveys conducted by consultants; and/or communications with our broker community and other individuals who can provide information legally and ethically.
- Avoiding improper means of obtaining competitive information, such as through theft, bribery, or improper infiltration.
- Accepting competitive information only when its receipt and use is lawful and appropriate.

When in doubt, information gatherers should contact the Legal department or the Compliance department for guidance before obtaining or using the information.

Section 4

What Other Laws or Requirements Should Guide My Commitment to INTEGRITY?

We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly.

—Aristotle (384–322 B.C.E.)

Capital **BLUE** 

A. Fraud, Waste, and Abuse

Fraud, waste, and abuse in the healthcare industry are serious national problems, and they have the ability to impact all lines of Capital BlueCross business. This includes Medicare, FFM, Children's Health Insurance Program (CHIP), Federal Employee Health Benefit Plan (FEHBP), and all commercial lines of business. Fraud is activity that is deliberately deceptive in order to secure unlawful or unfair gain. Most doctors, healthcare providers, suppliers, and members are honest. However, some may not be.

As employees in the healthcare industry, we play a significant role in identifying potential incidents of fraud, waste, or abuse and reporting suspected inappropriate activity immediately.

It is important to understand that the differences between fraud, waste, and abuse are often subtle, primarily dependent on intent.

In reality, it is usually impossible to know the intent without an investigation, which normally includes a request for medical records and a thorough review of claims history. Because the lines between fraud, waste, and abuse are often blurred, employees are not expected to be able to identify the category into which the potentially inappropriate activity falls. Questionable activity should be reported to Capital BlueCross' Special Investigations Unit to be investigated by trained personnel.

Following are definitions and examples of fraud, waste, and abuse, which only scratch the surface of the possibilities. Understanding what fraud, waste, and abuse look like in your business unit will ensure that you are prepared to take action should you observe it during your daily work activities.

Questions about a potential fraudulent, wasteful, or abusive activity should be immediately directed to management, the Special Investigations Unit, or the Compliance department.

FRAUD	
Definition	<p>Fraud is knowingly and willingly executing, or attempting to execute, a scheme to defraud any healthcare 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 or control of, any healthcare benefit program.</p> <ul style="list-style-type: none"> ● Deliberately submitting or filing false claims. ● Purposely misrepresenting a condition or the type of services provided. ● Borrowing someone else’s insurance ID card to receive services.
Example	The provider deliberately submits a claim for a surgery that the provider knows was not performed.
WASTE	
Definition	<p>Waste is the over utilization of services or other practices that, directly or indirectly, result in unnecessary costs. Waste is generally not considered a criminal action, but rather the misuse of resources.</p> <ul style="list-style-type: none"> ● Always performing a higher level of service or more extensive procedure. ● Routinely ordering tests that may not be medically necessary.
Example	A physician only stocks the larger vials of medication, even if smaller vials are available, and bills for the medication used and wasted.
ABUSE	
Definition	<p>Abuse includes actions that may, directly or indirectly, result in unnecessary costs. Abuse involves payment for items or services when there is not legal entitlement to that payment, and can occur even if the provider has not knowingly and/or intentionally misrepresented facts to obtain payment.</p> <p><i>Essentially the difference between fraud and abuse is intent.</i></p> <ul style="list-style-type: none"> ● Unknowingly submitting or filing claims for services that were not rendered. ● Unintentionally submitting the incorrect condition or type of service provided.
Example	The provider’s office routinely submits claims for surgical procedures the day after the surgery is scheduled to occur. The surgery is cancelled, but the billing office is not notified. The office submits the claim for a surgical procedure that was not performed.

Healthcare fraud can result in significant liabilities and, in some cases, subject the perpetrator to criminal prosecution. Waste and abuse, just like fraud, can result in the same process impediments and unnecessary costs of care. Capital BlueCross takes these issues seriously. Capital BlueCross has an internal fraud, waste, and abuse audit program, and a Fraud, Waste and Abuse Committee, which are committed to investigating any suspicious claim activity and taking appropriate action. When appropriate, investigative findings will be reported externally, e.g., to law enforcement or the Medicare Drug Integrity Contractor (MEDIC).

In addition to inappropriate conduct from external sources, it is also possible for employees to perpetrate acts of *internal* fraud, waste, or abuse, including, but not limited to:

- Submitting false or “padded” expense reports.
- Forging or altering checks.
- Accepting checks for which they know services were not received.
- Falsifying 401(k) loan application (e.g., fabricating a reason to apply for a hardship exception).
- Submitting inaccurate timesheets (e.g., falsely claiming overtime hours).
- Intentionally revising Capital BlueCross records, financial statements, or government reports with the intent to mislead.
- Misusing or misappropriating Capital BlueCross property.

It is each employee’s responsibility to notify management, the Special Investigations Unit, and the Compliance department, if you become aware of external or internal fraud, waste, or abuse.

Fraud, waste, and abuse defined actions are not the only actions that may place Capital BlueCross at risk; willful disregard for and/or negligence in following internal standards of conduct or policies and procedures may also result in process impediments, client or member dissatisfaction, and unnecessary costs of care. It is everyone’s responsibility to be aware of and understand the corporate and department level policies and procedures that impact or control daily work processes and actions. Questions or concerns related to the failure to comply with these internal standards should be reported promptly to the Compliance department.

B. Government Health Benefit Contracts

Capital BlueCross is proud to provide services to many members through federal and state contracts and programs; for example, Medicare Advantage and Medicare Part D programs, FFM, FEHBP, and CHIP. When conducting business under a government contract, we must ensure that all activities are performed with the highest degree of care and integrity, complying with applicable laws and regulations.

Capital BlueCross, in some instances, makes certifications when submitting data to the government. Inaccurate information or false certifications can result in civil penalties and criminal sanctions against you and/or Capital BlueCross, whether you are an employee or a contractor doing business on behalf of Capital BlueCross. See corporate policy **HR-903**, Involuntary Termination of Employment. Exercise extreme care and accuracy when preparing and submitting documentation to the government or any other entity.

C. Ineligible Persons

Capital BlueCross will not employ or contract with individuals or entities who have been convicted of certain criminal offenses related to healthcare or fraud, or who are ineligible to participate in federal and/or state healthcare programs. To ensure this, Capital BlueCross regularly checks existing government exclusion and preclusion lists to identify these ineligible individuals and entities and performs cross checks against appropriate Company databases. See corporate policies **RC-734**, Complying with Executive Order 13224; and **RC-737**, Federal and State Exclusion Reviews. Capital BlueCross also requires subcontractors under its government programs to comply with all regulations regarding ineligible individuals and entities. It is important to remember that individuals are under a continuing obligation to immediately report to the Compliance department any new details or changes in circumstances regarding eligibility to participate in a healthcare program or a conviction (or guilty or no contest plea) of a felony or misdemeanor in any jurisdiction.

D. Fair Competition and Antitrust Laws

The antitrust laws prohibit anticompetitive behavior (including conspiracy and monopoly) and unfair business practices. Capital BlueCross has strict policies in place to ensure compliance with the antitrust laws. See corporate policy **RC-736**, Compliance with Antitrust Laws. Of particular importance is the prohibition of agreements or joint conduct between competitors that harms competition. Compliance with antitrust laws means that we must:

- Never discuss with competitors any matter directly related to competition between Capital BlueCross and the competitor, including pricing, marketing strategies, sales policies, and provider contracts.
- Never agree with a competitor to restrict competition by fixing prices, allocating markets, or other means.
- Never require customers to take a service/product they don't want just so they can get the service/product they do want.
- Be accurate and truthful in all dealings with customers, and be careful to accurately represent the quality, features, and availability of Capital BlueCross products and services.
- Be especially careful with information shared at trade associations or other meetings where interactions with competitors may take place.

Because the antitrust laws are extremely complex, any questions about permissible conduct should be directed to the Legal department.

E. Political Activity in Connection With Work

Employees must not participate in political activities during work hours or on Capital BlueCross property. While Capital BlueCross encourages employees to participate in the political process, we must do so in accordance with federal and state laws. It is against the law to use corporate funds, property, facilities, or work time in connection with federal and state elections. Outside of Capital BlueCross, you may make personal contributions, support candidates or political

organizations, and vote as you wish. However, when you speak out about political activities, you should give no indication that you are connected with or speaking on behalf of the Company.

There is one exception to these limitations:

- Political Action Committee (PAC): Capital BlueCross makes contributions to the BlueCross BlueShield Association PAC and has its own PAC known as “Capital BluePAC.” Contributions to the PACs are voluntary, and it is against Capital BlueCross policy to pressure any employee to contribute.

Please note: Capital BlueCross employees who are registered lobbyists must comply with specific state and/or federal statutes and regulations regarding lobbying activities. However, because of their job-related, direct role with lawmakers and political activity, the Capital BlueCross lobbyists and their staff are exempt from the restrictions regarding the use of corporate assets or Company time for conducting political activity. Questions about political activity should be directed to the Government Affairs or Legal departments. See Section 3.D, Contacts with Government Representatives.

F. The Company’s Commitment to Equal Opportunity/ Affirmative Action

Capital BlueCross is committed to the administration of employment without regard to race, color, religion, national origin, gender, sexual orientation, gender identity, age, genetic information, disability, veteran status, or marital status. See corporate policy **HR-101**, Equal Employment Opportunity—Affirmative Action.

As an Affirmative Action employer, Capital BlueCross documents its good-faith efforts in recruiting, hiring, and developing an employee base reflecting a diverse cross-section of the local population. Furthermore, Capital BlueCross strives to purchase goods and services from both women- and minority-owned businesses. The Company monitors its progress in reaching these goals and strives to maintain its achievements and improve its performance in these areas, as necessary.

Questions about equal opportunity or affirmative action should be directed to Human Resources.

G. Responding to a Government Investigation

As part of doing business, Capital BlueCross is routinely audited by various government agencies; for example, the Centers for Medicare & Medicaid Services, the Internal Revenue Service, and the Pennsylvania Insurance Department. In addition, at any time, Capital BlueCross could be the subject of an investigation on other matters. The Company intends to comply with all applicable federal, state, and local laws and regulations. It is Capital BlueCross’ philosophy to cooperate fully with government agencies concerning audits, inquiries, and investigations. In order to protect Capital BlueCross’ interests, please follow Company policy with respect to any such audit, inquiry, or investigation. See corporate policy **RC-733**, Responding to Government Investigative or Enforcement Agents.

Under the law, you have no obligation to provide any information to, nor speak with, an investigator at any time unless you are subpoenaed to testify in a proceeding. The Legal department can provide assistance in recommending how to respond to the request for information. ***If you are served with a subpoena from a government agency, you must report it to the Legal department immediately.*** Questions about government audits and investigations should be directed to the Legal department and the Compliance department. See also Appendix A for contact information.

H. Responding to Media Inquiries

Never respond personally to any media request. In order to provide accurate and consistent answers to inquiries and protect customer confidentiality, all written or verbal media requests received by Capital BlueCross employees should be referred to Brand and Market Strategy. See corporate policy **HR-728**, Media Contacts.

Section 5

How Does INTEGRITY Affect My Response to Suspected Misconduct or a Code Violation?

In addition to guidance found in the Code and our corporate policies, we should always use integrity, common sense, and good judgment. We are required to ask questions if ethical dilemmas arise and report suspected violations. This ensures that the ethical culture we all enjoy is preserved. There may be times, however, when you are uncertain about what action to take. Be assured, you never need to go it alone.

Capital BLUE 

A. Report Suspected Violations

While conducting business on behalf of Capital BlueCross, employees may become aware of a potential compliance violation or be faced with an ethical dilemma where the best response may not be obvious. You should never hesitate to report suspected violations or ask questions and seek assistance if ethical dilemmas arise.

You have access to several areas of support when you have concerns about potential noncompliance, suspected fraud, waste and abuse, or need to report a violation of the Code of Conduct, Capital BlueCross policies, or the law. Contact information and area of expertise by department can be found in Appendix A on page 41 of the Code. Please use this convenient resource whenever needed.

Every reported compliance or fraud, waste, and abuse concern is thoroughly investigated and addressed or corrected, as appropriate. Rest assured that your reports are welcomed and encouraged.

Remember to consult with your management staff or compliance officer if you are unsure whether you or your external business partner (e.g., contractor, supplier, first tier, downstream or related entity) are aware of all the compliance regulations that apply to the work you do for Capital BlueCross.

B. What to Expect When Submitting a Report

1. Non-Retaliation

Retaliation, which can be defined as reprisal, interference, restraint, penalty, discrimination, intimidation, harassment, or other adverse employment consequences, will not be tolerated if taken against an employee who comes forward to raise a genuine concern; make a good faith report of noncompliance with federal, state, or local laws and regulations; or report suspected acts of noncompliance with corporate policies and procedures or the Code of Conduct. A report made in good faith involves one in which a genuine attempt was made to provide truthful and accurate information. Retaliation is prohibited by corporate policy and, in some instances, the law. If you suspect or observe retribution or retaliation, report it immediately to management, Human Resources, or the Compliance department. An employee who is found to have engaged in this type of behavior against another employee will be subject to corrective action up to and including termination. See corporate policy **HR-741**, Non-Retaliation.

Capital BlueCross' policy against retaliation does not excuse us from the consequences of our own improper or unethical behavior. However, the consequences will never be more severe because of a self-report. To the extent possible, Capital BlueCross will make every effort to protect the reporter's request for confidentiality. Likewise, we are each responsible for protecting the confidentiality of any reports that are made to management or the Compliance department as well as the privacy of any employee who makes such a report.

2. Investigation

Any report of unethical behavior or of a suspected violation of the Code, corporate policy, law, or regulation will be promptly investigated.

All team members are expected to cooperate fully with an investigation and to maintain confidentiality (to the extent reasonably possible) and respect for the process, our Company, and our fellow team members.

The Compliance department may seek assistance from, or refer matters entirely to, other areas for handling, including but not limited to Human Resources, Internal Audit, Special Investigations Unit, the Legal department, and external compliance counsel to assist with or handle the investigation. For example, Human Resources-related matters that are reported to the Compliance department are promptly forwarded to Human Resources. Human Resources is responsible for reviewing the concern, following up with the inquirer in a timely manner, and keeping the Compliance department apprised of the progress and final resolution. This maintains an open-door policy to the Compliance department, as well as effective resolution of concerns that are not directly related to compliance matters.

3. Corrective Action

Capital BlueCross' disciplinary policies and procedures apply to issues of compliance misconduct. A violation of the Code of Conduct, corporate policy, law, or regulation could potentially result in corrective action up to and including termination of employment. See corporate policies **HR-725**, Corrective Actions; and **HR-903**, Involuntary Termination of Employment. The level of discipline administered will depend on the nature, severity, and frequency of the violation and may result in any one or more of the following corrective actions:

- Verbal counseling or coaching
- First written notice
- Second written notice
- Third or final written notice
- Termination

Unethical or illegal behavior that impacts a benefit program, including but not limited to federal or state government programs (Medicare, FFM, FEHBP, and CHIP), may subject Capital BlueCross to governmental corrective actions, including oral or written warnings or reprimands, suspension of enrollment or license, termination of governmental contracts, and/or financial penalties.

4. Legal Reporting Requirements

Capital BlueCross' attorneys have a duty to report evidence of a material violation of law or breach of fiduciary duty or similar violation by Capital BlueCross, or any agent thereof, to the chief legal counsel or the chief executive officer of the Company. If the counsel or officer does not appropriately respond to the evidence (adopting, as necessary, appropriate remedial measures or sanctions with respect to the violation), Capital BlueCross' attorney must report the evidence to the Compliance & Risk Committee of the board of directors or to the full board of directors.

C. Conclusion

As a condition of employment, and annually thereafter, every employee is required to complete a Disclosure Statement and Certification form, which includes acknowledgment that you have read the Code, understand it, refer to it as needed, and abide by it. This is an important part of your job responsibilities and remains the key to Capital BlueCross' success and our continuing good reputation in the communities that we serve.

As Capital BlueCross employees, we each have daily opportunities to conduct Company business in accordance with the utmost legal and ethical business principles. Intentional contribution to a corporate culture of integrity has a very significant impact on personal and professional satisfaction and reward.

Appendix A: Contact Information

As discussed throughout the Code of Conduct, you may contact the Compliance department with any questions or concerns. Also listed below are additional contacts that you may use in a variety of situations.

Compliance Department (Corporate and Medicare)	
Chief Compliance Officer Patty Higgins	717-541-7411
Corporate and ACA Compliance Officer Babette Madison	717-541-7275
Medicare Compliance Officer Alton Knight	717-541-7534
Online Web Submission	http://depts.crossnet/compliance/ContactUs/Pages/Online-Submission-Form.aspx
Compliance Hotline	888-511-4036
Corporate Compliance Email	CBC.Compliance@capbluecross.com
Medicare and Corporate Incident Reporting Email	CBCcorpandmedincidentrept@capbluecross.com
Report Directly to the Compliance & Risk Chair, Capital BlueCross Board of Directors	Call the Compliance Hotline and Select "Board Level" Reporting.



Appendix A: Contact Information (cont.)

For Assistance with Specific Issues	
If the Issue Concerns:	Contact this Resource
Human Resources Issues: <ul style="list-style-type: none"> • Employment practices • Harassment • Respect in the workplace • Workplace behavior 	<u>Human Resources: 717-541-6030</u>
Misuse of company resources Fraud: financial or business practices	Special Investigations Unit: Extension 1657 Fraud Hotline: 888-612-1277 <u>fraud@capbluecross.com</u>
Confidential Information: <ul style="list-style-type: none"> • Privacy • Information Security 	Privacy Officer: 717-541-6063 IT Security: 717-541-7200 <u>SecurityInformation@capbluecross.com</u>
Conflicts of Interest	<u>Corporate Compliance Department: 717-541-7275</u> <u>CBC.Compliance@capbluecross.com</u>
Laws Other Legal Questions	Legal Department: 717-541-6358
Contact to/from Regulator	<u>Corporate Compliance Department: 717-541-7275</u> <u>Medicare Compliance Department: 717-541-7534</u> Legal Department: 717-541-6358
Contact to/from Media	Michael Race: 717-541-7692
Front Desk	Capital BlueCross General Number 855-505-2583 Elmerton Avenue: 717-541-6001 TecPort Drive: 717-703-8516 Lehigh Valley: 610-820-2730
Facilities	Harrisburg Area: 717-541-6035 Lehigh Valley: 610-820-2730

Appendix B: Gifts and Entertainment

As discussed throughout the Code of Conduct, below are charts of examples to help guide your decision on giving or receiving a gift or entertainment. If you have any questions, please contact the Compliance department for further assistance.

Examples of Business Gifts	
Generally Acceptable	Generally Not Acceptable
Logos, t-shirts, pens, calendars	Jackets, wristwatches, electronics, jewelry
Flowers or gift baskets to be shared with other associates	Any gift which could be perceived to create a conflict of interest
	Gift Cards *Must either be declined or donated

Examples of Business Hospitality and Entertainment	
Generally Acceptable	Generally Not Acceptable
Inexpensive general admission tickets to regular season sporting events	Expensive, hard to obtain tickets to playoff tournaments, or series
An inexpensive round of golf with a business associate	All expenses paid vacation at a golf resort
Travel expenses in connection with a speaking engagement	Accepting an offer to cover the costs associated with travel, accommodations and registration fees from the host or sponsor of an industry seminar
Sharing a taxi to a trade show	Using a supplier's ski chalet for the weekend

Hosting Meals/Entertainment for External Individuals or Entities	
Acceptable Hosting Situations	Nonacceptable Hosting Situations
Nongovernment business—Capital BlueCross may reimburse for management-approved, business-related entertainment as long as the entertainment is reasonable, does not violate any law or regulation, and does not negatively impact Capital BlueCross' reputation. For additional information, please reference corporate policy PF-0030 .	Federal government employees—Providing meals or entertainment is strictly prohibited by federal law. State and local government employees—Restrictions and reporting requirements may apply.
The \$100 maximum gift allowance does not necessarily apply to meals and entertainment, but management approval is required in order to ensure that the entertainment is not excessive and is consistent with department policy and budgetary guidelines.	Before offering meals or entertainment to state or local employees, obtain approval from management and contact Government Affairs for guidance.

Appendix B: Gifts and Entertainment (cont.)

There are specific regulatory requirements regarding gifts to government enrollees and employees, including possible reporting requirements. See corporate policy **RC-714**, Gratuities and Kickbacks Involving Government Employees and Vendors. The following guidelines apply to gift giving for the different categories. The Compliance department must be notified of any gifts to be given in accordance with this section. Additionally, the Compliance department should be provided with details of any gifts given to enrollees or prospective enrollees on at least an annual basis or as otherwise indicated by the Compliance department.

Government Related Business Guidelines	
Government Program Enrollees	Government Employees
No cash or cash equivalent	No cash or cash equivalent
Limited enrollee gift allowances Medicare Advantage or Part D: <ul style="list-style-type: none"> • Maximum value of \$15 per item, and \$75 per calendar year • Current Medicare enrollee rewards and incentives programs are excluded from this requirement 	Maximum value of \$20 per item and \$50 per calendar year
Children’s Health Insurance Program (CHIP): Maximum value of \$5 per item	Most meals and entertainment are forbidden by federal law, although modest refreshments are excluded from the gift rule restrictions (e.g., snacks, coffee, doughnuts).
Federal Employee Health Benefit Program (FEHBP): Maximum value of <ul style="list-style-type: none"> • \$20 per item • \$50 per calendar year 	Additional prohibitions and restrictions may apply where established by the government. See Section 3.D, “Contacts with Government Representatives.”
Federally Facilitated Marketplace (FFM): Contact Legal or the Compliance department to confirm current guidelines.	Nongovernment business—Employees may give minimal monetary gifts, or reasonable and appropriate nonmonetary gifts, that are primarily advertising or promotional in nature, as long as the maximum value does not exceed: <ul style="list-style-type: none"> • \$100 per gift; and • \$100 per calendar year per individual

Commercial Related Business Guidelines
Commercial Program Enrollees/Prospective Enrollees
Under Pennsylvania’s rebate limitations: Maximum value of \$100 (in the aggregate) per calendar year. No cash permitted. Contact the Legal or Compliance departments with any questions.

Appendix B: Gifts and Entertainment (cont.)

Exceptions and Guidelines on Receiving and Accepting Gifts and Entertainment	
The \$100 value rule does not apply:	Noncash raffle prizes that may be accepted:
<p>“Incentive trips” offered by insurance carriers to high-producing marketing agents, as long as the employee will receive a 1099 form for the value of the award (i.e., income) and uses approved PTO for time off during the trip.</p>	<p>The event is not for only Capital BlueCross or its subsidiaries’ employees.</p>
<p>Nonexcessive activities offered to all participants at approved business meetings and conferences, e.g., golf outing, ball game, spa treatment, or dinner. An approved business event means that Capital BlueCross pays for employees’ travel and other expenses associated with the meeting or conference.</p>	<p>Everyone who registers, puts in a ticket, or otherwise enters the contest has the same opportunity or chance to win.</p>
<p>Onsite or offsite entertainment and meals must be</p> <ul style="list-style-type: none"> • Reasonable and nonexcessive • Offered on an infrequent basis • Compliant with department or corporate policies and state or federal laws and regulations • Preapproved by management 	<p>The prize is not excessive or inappropriate to the occasion (e.g., an iPad would be allowed but no lavish trips).</p>
	<p>The prize is not cash or a cash equivalent unless the “Cash Gift Transfer Form” is used for donation purposes.</p>
	<p>Neither Capital BlueCross, nor any of its subsidiaries or employees, is under any obligation to the vendor or supplier of the prize for having entered or for winning the prize item.</p>
	<p>In all instances, regardless of the value of the prize, winning does not influence an employee’s decision making or otherwise compromise an employee’s ability to act in the best interests of Capital BlueCross or its subsidiaries.</p>
	<p>If an employee who has won a vendor’s raffle drawing is subsequently involved in choosing or evaluating a vendor, that employee must disclose the winning of the prize to his/her manager and to the compliance officer, and may need to recuse himself/herself from decision-making.</p>

Frequently Asked Questions (FAQs)

One of our vendors invites me and a couple of my coworkers to dinner to celebrate the completion of a big project. May we attend?

Yes, as long as the occasion follows the guidelines in the Code, including ensuring that the dinner is: 1) offered on an infrequent basis, 2) reasonable and appropriate to the occasion, 3) compliant with department or corporate policies and state or federal laws and regulations, and 4) preapproved by management.

A prospective vendor extends an invitation for one person from my business area to attend an all-expense paid weekend conference at a popular resort. May I accept the offer?

No. In most instances, Capital BlueCross prohibits any outside entity or individual from paying for an employee's expenses to attend a conference or seminar, including those who do business or seek to do business with Capital BlueCross. This includes discounted conference fees or reimbursement for travel, meals, or lodging expenses, as well as offers of gifts or prizes valued at more than \$100. We must ensure that Capital BlueCross' decisions regarding a current vendor or prospective vendor are not influenced by favoritism or inappropriate motives.

I have been offered a free watch from one of our vendors. Can I accept it?

Probably not, as it may suggest inappropriate motives and exceed the maximum gift allowance of \$100. You cannot accept gifts, loans, or other favors from anyone doing business with Capital BlueCross or who wishes to do business with Capital BlueCross unless the gifts follow the guidelines listed in the Code. You should discuss all gifts you are offered with your management and the Compliance department because, in some situations, it may never be appropriate to accept a gift of any value. See Appendix B for more information on gifts and see Appendix A for who to contact.

My wife is a group sales specialist for an insurance agency that does business with Capital BlueCross. I am a Customer Service representative at Capital BlueCross. Is this a conflict of interest? It could be. Report the relationship to your supervisor and Compliance department. To avoid the appearance of a conflict, the Compliance department may request that you agree to certain "parameters" regarding this situation. See Appendix A on who to contact for conflict of interest questions.

A company that I use to arrange Capital BlueCross events offered me a discount on catering services for my family party. May I accept the discount?

Personal discounts that are offered to you because of your position with Capital BlueCross are considered gifts and must be refused in most cases. However, if this discount is available to all Capital BlueCross employees, it may be acceptable. Talk to your supervisor and the Compliance department if you need help on a specific situation. See contact information in Appendix A.

May I give a supplier a gift basket with fruit and cookies to celebrate the end of a project?

The best approach is to give no gift at all. If business customs and the circumstances are such that you feel you must give a gift, be sure it's just a token. You may give this type of gift so long as giving it does not violate any laws or policies, including the policies of the supplier's company. You should get approval for this gift from your supervisor and the Compliance department before you present it. Be sure that its expense is disclosed accurately and fully in your expense report. See Appendix B for guidelines on gifts and entertainment.

A business partner offers you tickets to a golf tournament. Should you accept them?

It depends. If the business partner will be attending the tournament with you, this may be considered business entertainment and would be acceptable if the applicable business entertainment guidelines are met. If the business partner will not be attending the tournament, the tickets are a gift. If you are unsure as to what to do, see Appendix B for guidelines on gifts and entertainment.

Can I remain anonymous when submitting a report?

The Compliance Hotline will allow you to report anonymously. You will receive a ticket number and turnaround time so you may call back for a resolution or if additional information is needed. You may also remain anonymous when reporting internally such as by submitting an anonymous inquiry on the Compliance department's website or through interoffice mail.

What will happen if I file a report or concern?

Capital BlueCross encourages you to report suspected violations of the Code or the law and prohibits retaliation against anyone who, in good faith, reports a violation or cooperates in an investigation. If you feel that you have been retaliated against, you can report this to the Compliance department or through other means identified in the Report Suspected Violations section of the Code. See corporate policy **HR-0741**, Non-Retaliation.

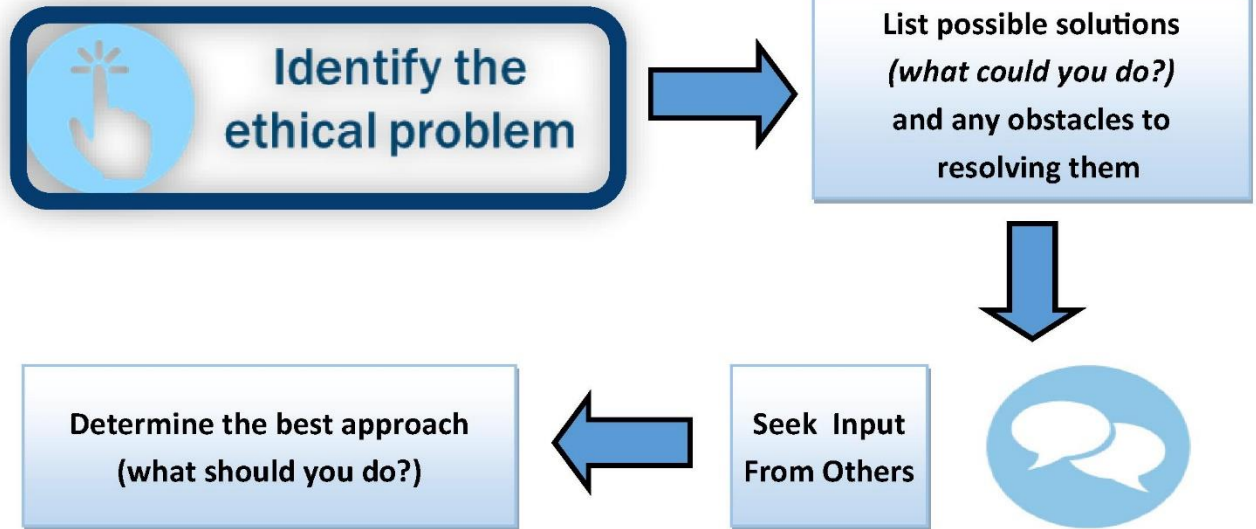
I am working on a project team, and I disagree with the project manager's interpretation of a legal requirement. She told me that it's not my role to raise these issues. What should I do?

If you are unable to resolve the issue through conversations with the project manager, and you believe in good faith that she is acting on an incorrect interpretation of a legal requirement, you should speak with your manager or see Appendix A on who to contact for additional assistance.

I have seen some conduct at the office that I think is illegal but it is not addressed in the Code. What should I do?

If you suspect illegal behavior, you should report it or talk with your supervisor or manager about it. No Code could possibly address every situation. You are responsible for understanding the laws applicable to your job and abiding by the policies in place at your worksite. The bottom line is that you have to exercise good judgment and high ethical standards at all times whether or not an issue is specifically addressed in the Code. See Appendix A on who to contact for additional assistance.

Ethical Decision-Making Framework



- ♦ Is it consistent with the Capital BlueCross' Code of Conduct and any applicable law or regulation?
- ♦ Would your approach embarrass you or Capital BlueCross?
- ♦ How would your approach look published in the newspaper?
- ♦ Would you be comfortable with the example it sets for future decisions?

You are Empowered

Capital BlueCross supports you in doing the right thing so you can deliver great service to our members and providers.

You have Responsibility

You play a critical role in ensuring Capital BlueCross is a great work environment and in protecting our culture, reputation, and brand.

You have Help

The Code of Conduct lists numbers to contact for support in various situations. As always, you can contact the Compliance Hotline to report an incident.

You have a Voice

Capital BlueCross wants to hear your concerns and does not tolerate any form of retaliation. If you believe something isn't right, you can speak up knowing you have the support of management, the Compliance department, and the board.



Compliance Hotline 888-511-4036

Compliance Hotline

888-511-4036

Capital **BLUE** 

[CapitalBlueCross.com](https://www.CapitalBlueCross.com)

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