

**Health Net Community  
Solutions, Inc.**

**COMPLIANCE  
PROGRAM**

**2025**

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## **COMPLIANCE PROGRAM DESCRIPTION GOVERNANCE**

The Health Net Compliance Program Description is updated annually and is approved by the Board of Directors.

The Health Net Compliance Program Description is a component of Health Net’s overall compliance program and reinforces the Company’s commitment to comply with all applicable federal and state standards as well as ethical standards of conduct. The overall compliance program at Health Net includes the Centene Code of Business Conduct and Ethics (“Code”). The Health Net Compliance Program Description builds on the foundation established by the Centene Corporate Compliance program, including measures related to mandatory compliance training, HIPAA privacy program training, fraud, waste, and abuse (“FWA”) detection, prevention and correction, including a hotline for anonymous reporting, and specialized training for functional areas supported by department policies and procedures.

One of the key elements of the compliance program is the Compliance Committee (“Committee”), which is charged with supporting the Health Net Chief Compliance Officer in the ongoing review and oversight of the compliance program. The Committee is responsible for reviewing the effectiveness of the compliance program through monitoring of self-audit results, metrics, and key indicators, and to ensure prompt and effective corrective actions are taken where deficiencies are identified. The Health Net Chief Compliance Officer and the Committee are responsible for escalating compliance deficiencies and ongoing issues of noncompliance to Senior Management, the Board of Directors, and Centene Corporate Compliance.

Health Net makes this Health Net Compliance Program Description available to all Health Net employees and Board of Directors (“Directors”), as well as contractors, subcontractors, and related entities. The Health Net Chief Compliance Officer reserves the right to amend and update components of the compliance program, including the material in this Health Net Compliance Program Description, at any time to make changes based on contractual or regulatory requirements, enhancements to the program to improve effectiveness, or for any other reason.

The information contained in this Health Net Compliance Program Description, including names and titles of Health Net employees, is correct as of the date of publication and may change without prior notice.

This Health Net Compliance Program Description applies to Medicaid lines of business which will include the Medi-Cal Dental contract beginning July 1, 2025. The term “other business partners” includes contractors and subcontractors.

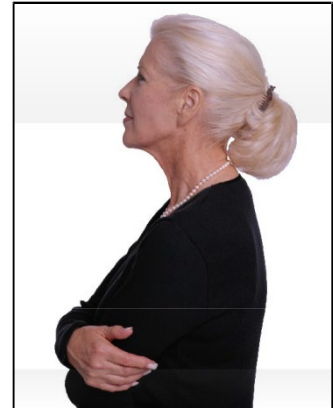
Please contact the Health Net Compliance Department if you have questions regarding information contained in this Compliance Program Description.

## INTRODUCTION

Health Net’s compliance program is intended to assist the organization and their service providers in developing effective internal controls that promote adherence to applicable federal and state legislation, and program requirements of federal, state, and private health plans and/or contracts. The adoption and implementation of this voluntary compliance program was designed to identify false claims and advance the prevention of fraud, abuse, and waste throughout the organization while furthering Health Net’s fundamental mission, to provide access to quality care for its constituents.

Fundamentally, this compliance program is intended to establish a culture within the organization that promotes prevention, detection and resolution of instances of conduct that do not conform to federal and state law, and federal, state, and private payor health care program requirements, as well as Health Net’s own ethical and business policies. This compliance program effectively articulates and demonstrates Health Net’s commitment to the compliance process and is part of the fabric of routine operations.

The compliance program is designed to guide Health Net’s Boards of Directors or Trustees, Chief Executive Officer (CEO), managers, and all other employees in the efficient and ethical management and operation of the organization and its decision-making processes. This is critical as an internal control in the administration of government sponsored health care programs.



It is crucial for Health Net’s corporate officers and managers to provide ethical leadership to the organization and to assure that adequate systems are in place to facilitate ethical and legal conduct. This compliance program, as an additional element in the process, offers the organization a further concrete method to improve access to quality care, enhance operations, safeguard against fraud and abuse and help assure that our values are reflected in everything we do. This program provides a central coordinating mechanism for furnishing and disseminating information and guidance on applicable federal and state statutes, regulations, and other requirements.

## GOALS AND OBJECTIVES

In addition to fulfilling its legal duty to ensure that it is not submitting false or inaccurate data, Health Net gains numerous additional benefits by having an effective compliance program. A compliance program makes good business sense for it helps Health Net fulfill its fundamental mission to become the leader in government supported health care. This program assists Health Net’s business units in identifying opportunities for improvement in internal systems and management. Goals and objectives include the ability to:

- a) concretely demonstrate to employees, shareholders, providers, the community and all its publics, Health Net’s strong commitment to honest and responsible corporate conduct;
- b) conduct risk assessments;
- c) provide an accurate view of internal and external behavior relating to fraud and abuse;
- d) identify and prevent criminal and unethical conduct;
- e) create a centralized source for distributing information on health care statutes, regulations and other program directives related to fraud, abuse (including Medicare Part D) and

related issues; however, ultimate responsibility for day-to-day program operation will be conducted at the plan level;

- f) develop a methodology that encourages employees to report potential problems, as addressed later in this document;
- g) develop procedures that allow the prompt, thorough investigation of alleged misconduct by corporate officers, managers, employees, independent contractors, physicians, first tier, related and downstream entities, other health care professionals and consultants;
- h) initiate immediate and appropriate corrective action; and
- i) through early detection and reporting, minimize the loss from false claims, and thereby reduce exposure to civil damages and penalties, criminal sanctions, and administrative remedies, such as program exclusion.<sup>1</sup>

## **PROGRAM ELEMENTS**

The foundation of Health Net's compliance program includes elements based on the Federal Sentencing Guidelines.<sup>2</sup> Health Net's compliance program includes the following eight elements:

- 1) the annual review and distribution of written standards of conduct, as well as written policies and procedures that promote Health Net's commitment to compliance (e.g., by including adherence to compliance as an element in evaluating all employees) and that address specific areas of potential fraud;
- 2) the designation of a Chief Compliance Officer (CCO) and a compliance committee, charged with the responsibility of operating and monitoring the compliance program, reporting directly to the CEO and the governing body;
- 3) the development and implementation of regular, effective education and training programs for all employees;
- 4) the adoption of requirements applicable to record creation and retention;
- 5) the maintenance of a process, such as a helpline, to receive complaints, and the adoption of procedures to protect the anonymity of, and prevent retaliation against, whistleblowers;
- 6) the maintenance of a system to respond to allegations of improper/illegal activities and the enforcement of appropriate disciplinary action against employees who violate internal compliance policies, applicable statutes, regulations or federal health care program requirements;
- 7) the use of audits and/or other evaluation techniques to monitor compliance and assist in the reduction of identified problem areas by:
  - a) reviewing progress of the audit program annually,
  - b) establishing a policy on record keeping of audit results,
  - c) establishing a timeline for modifications to the policy,
  - d) having legal counsel review and make recommendations; and
- 8) the investigation and remediation of identified systemic problems and the development of policies addressing the non-employment or retention of sanctioned individuals, providers,

and independent contractors.

## WRITTEN POLICIES, PROCEDURES AND STANDARDS OF CONDUCT

Health Net has written policies, procedures, and standards of conduct clearly stating its strong commitment to prevent, detect, and correct fraud, waste, and abuse and to comply with all applicable Federal and State standards.

Each department, in conjunction with the Chief Compliance Officer, is required to have policies and procedures in place that specify the duties that employees must perform in their day-to-day work in order to ensure that applicable contractual requirements, regulations, and laws are followed and to avoid fraud, waste, and abuse. Policies and Procedures are reviewed annually and immediately updated to reflect changes to contractual requirements. Necessary revisions are made promptly if there is a change in regulatory contracts, Federal regulations, law or circumstance which materially affects policies and/or procedures.

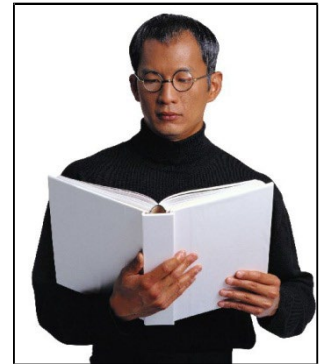
When possible, Health Net will adopt Centene's Compliance program policies and procedures as long as they are consistent with our own regulatory requirements. If Health Net's regulatory requirements are more stringent than Centene's Compliance program policies and procedures then Health Net will develop and implement our own policies and procedures.

Health Net maintains an extensive library of policies and written guidelines applicable to all associates, Directors, subcontractors, and other business partners that:

- articulate Health Net's commitment to comply with all Federal and State statutory, contractual and licensure requirements;
- Describe compliance expectations as embodied in the Standards of Conduct;
- Describe ramifications and/or penalties for failing to comply with standards of conduct, policies and procedures, and the failure to act in an ethical manner;
- Provide guidance on dealing with suspected, detected, or reported compliance issues;
- Describe obligations of employees to report violations of law and policy and the process to communicate compliance issues to appropriate compliance personnel;
- Describe how suspected, detected, or reported compliance issues are investigated and resolved by Health Net; and
- Specify the disciplinary actions that can be imposed for violations of law and ethics, Compliance Program non-compliance and fraud, waste, and abuse; and
- Include a policy of non-intimidation and non-retaliation for good faith participation in the compliance program, including, but not limited to, reporting potential issues, investigating issues, conducting self-evaluations, audits and remedial actions, and reporting to appropriate officials.

### **1. Corporate Standards of Conduct – See Centene's Business Ethics and Conduct Policy (BECF)**

Centene has implemented a Compliance Program that includes the Code of Business Conduct and Ethics, which articulates the Company's compliance and ethical standards. Centene



enforces compliance and ethical standards through well publicized disciplinary guidelines that are approved by Centene's senior leadership and Boards of Directors or a committee of the governing body.

Centene does not tolerate retaliation against those who report potential violations. A description of Centene's policy on non-retaliation for reports made in good faith is described in Centene's Code of Business Conduct and Ethics and is reinforced in a number of policies, procedures, guidelines, and training materials.

All Centene associates are informed that violations of standards, policies, regulations or laws may result in appropriate disciplinary action. Serious/severe performance or conduct problems may result in immediate written notice or termination of employment. For associate conduct problems that do not rise to the level of serious/severe, Centene utilizes a progressive coaching and performance improvement process, which offers a fair, equitable and consistent method of guiding associates toward acceptable job performance and conduct.

Compliance training as well as articles and videos published on the company's intranet website, Centene Connect, provide examples of noncompliance, ethics violations, fraudulent, wasteful and abusive behavior that are prevalent in the health care industry.

## **2. HIPAA Privacy Program (Privacy Program)**

The HIPAA privacy program sets the standards for associates in safeguarding confidential and protected health information. The Company is committed to complying with applicable laws, regulations, and policies related to privacy of health and individually identifiable information. All associates are required to complete training on privacy program policies annually, and are required to perform their work duties with a conscious regard for the privacy rights of Health Net's members.

Unless otherwise stated, the Health Net Compliance Officer services as the Privacy Officer for Health Net and has responsibility for overseeing and enforcing the HIPAA program in accordance with Centene and Health Net policies and procedures and 42 CFR Part 431, Subpart F.

Under the direction of the Health Net Privacy Officer, the privacy program focuses on educating associates on their ongoing responsibility to protect member and associate privacy and secure member and associate information. The Privacy Officer manages and updates our privacy policies and procedures, which are available to all Health Net associates via Archer.

All subcontractors and other business partners must abide by all privacy program policies or demonstrate that they have a dedicated Privacy Officer who is responsible for ensuring that all individuals within the respective entity are trained on HIPAA regulations and the process for reporting privacy breaches. The Privacy Officer is also responsible for managing any issues related to privacy breaches and reporting to Health Net should a privacy breach impacting Health Net members or business occur.

## **3. Fraud, Waste, and Abuse Prevention and Detection Plan**

Centene and Health Net maintains a Fraud, Waste, and Abuse Prevention and Detection Plan ("FWA Plan") that demonstrates the Company's commitment to prevent, detect, and correct incidents that could lead to fraud, waste, and abuse ("FWA"). The FWA Plan includes initial background checks to review potential associates' and directors' backgrounds for Office of

Foreign Assets Control (OFAC) exclusions. Additional screenings for criminal convictions, Office of the Inspector General (OIG), General Services Administration (GSA) exclusion lists, and other background records are examined prior to employing an associate or appointing a non-employed Director. Upon hire, individuals must agree to comply with the Code and complete mandatory FWA training courses.

Centene and Health Net has a number of internal system edits and an external vendor that applies medical claims edits data designed to detect claim coding errors as well as potential fraud. Centene and Health Net maintains a Fraud, Waste, and Abuse Hotline for anonymous reporting and a Special Investigations Unit (“SIU”) that investigates all reports of potential fraud, waste, or abuse. The SIU works with designated state and federal agencies, the National Benefit Integrity Medicare Drug Integrity Contractor (“NBI MEDIC”), and law enforcement to pursue individuals or organizations who may be involved in activities that fall under the FWA umbrella and will pursue prosecution of health care fraud and abuse.

Fraudulent activity may involve an associate, director, subcontractor, other business partner, or member who is involved in inappropriate schemes or behavior, or a health care provider who is involved in false documentation, inappropriate prescriptions, falsification of conditions in order to help an individual receive an otherwise uncovered service under Medicaid or federal programs or a combination of scenarios.

All Health Net associates, directors, subcontractors, and other business partners play an important role in the Health Net fraud prevention program and are required to report suspected fraud, waste, or abuse.

Please refer to CC.COMP.16 for details on the Fraud, Waste, and Abuse Plan.

#### **4. Operational Compliance Policies and Procedures**

These policies and procedures describe the operation of the compliance program and are designed to help reduce the prospect of fraudulent, wasteful, abusive, and other non-compliant activity through the identification and response to risk areas. Because risk areas evolve and change over time, all policies and procedures are reviewed annually or more often to incorporate changes in applicable laws, regulations, and other program requirements.

The policies and procedures demonstrate to associates, directors, subcontractors, other business partners, and the community at large our strong commitment to honest and responsible business conduct. Health Net’s published policies establish procedures and provide direction to promote compliance with laws and regulations, and to reduce the prospect of fraudulent, wasteful, or abusive activities in day-to-day operations.

Examples include but are not limited to:

- Federal and State False Claims Acts
- Waste, Abuse & Fraud (WAF) including making referrals to appropriate State or Federal programs
- Claims Processing
- State Medicaid program requirements and contract provisions
- Centers for Medicare and Medicaid Services (CMS) program requirements and contract provisions including the delivery of prescription drugs



- State and federal legislation affecting organizational business practices
- Department specific compliance
- Finance
- Human Resources
- Quality Improvement & Utilization Management
- Credentialing
- Enrollment
- Marketing
- Information Systems and Technology

All policies and procedures are maintained in a central repository so that all Health Net employees may easily find and access Health Net's policies and procedures.

## COMPLIANCE OFFICER/COMPLIANCE COMMITTEE

### **1. Chief Compliance Officer (CCO)**

Health Net's Chief Compliance Officer serves as the focal point for compliance activities. Coordination and communication are key functions of the Chief Compliance Officer with regard to planning, implementing, and monitoring the compliance program.

The Chief Compliance Officer defines the Health Net Compliance Program structure, educational requirements, reporting and complaint mechanisms, response and corrective action procedures, and compliance expectations of all personnel and subcontractors. The Chief Compliance Officer's primary responsibilities include:

- Developing and monitoring the implementation of and compliance with Health Net related policies and procedures through the creating and implementation of a local monitoring and auditing program;
- overseeing the compliance program;
- reporting on a regular basis to Health Net's governing body, CEO and compliance committee on the effectiveness of the program, and assisting these individuals and entities in establishing methods to improve the company's efficiency and quality of services, and to reduce Health Net's vulnerability to fraud, abuse and waste;
- periodically reviewing and revising the program in light of changes in the needs of the organization, legislation, and policies and procedures of government and private health plans;
- reviewing, revising, coordinating, and participating in a multifaceted educational and training program that focuses on the elements of the compliance program, to ensure that all employees, Boards, and management are knowledgeable of, and comply with, pertinent plan, corporate, federal and state standards;
- ensuring that service providers and independent contractors who furnish services to Health Net are aware of, and adhere to, the requirements of the Health Net compliance program;
- assisting Health Net's management in coordinating internal compliance review and monitoring activities, including annual or periodic reviews of departments;
- independently investigating, documenting and acting on matters related to compliance, including the flexibility to design and coordinate internal investigations (e.g., responding to reports of problems or suspected violations) and any resulting corrective action with all organizational departments, employees and, if appropriate, service providers and independent contractors;
- maintaining policies and reporting channels that encourage managers and employees to report suspected fraud and other improprieties without fear of retaliation;
- Ensuring processes are in place to check the Suspended and Ineligible Provider List on HHS OIG exclusion list and GSA disbarment list with respect to all officers, directors, associates and subcontractors monthly;

- Ensuring business units responsible for oversight of subcontractors, have processes in place to ensure that the suspended and Ineligible Provider List on the HHS OIG exclusion list and GSA disbarment list have been checked with respect to all the subcontractor’s officers, directors, associates and contractors monthly;
- Ensuring documentation is maintained for each report of potential non-compliance, fraud, waste, or abuse received through any source, including any of the reporting methods (i.e., the Compliance/FWA Hotline, mail, in-person), which describes the initial report of non-compliance, the investigation, the results of the investigation, and all corrective and/or disciplinary action(s) taken as a result of the investigation as well as the respective dates when each of these events and/or actions occurred and the names and contact information for the person(s) who took and documented these actions; and
- Ensuring potential fraud investigations are referred appropriately to regulatory agencies, and facilitating any documentation or procedural requests that the regulatory agencies makes of Health Net. Ensuring collaboration with other applicable organizations when a fraud, waste, or abuse issue is discovered to involve multiple parties.

The Chief Compliance Officer has the authority to review all documents and other information relevant to compliance activities. This policy enables the Chief Compliance Officer to review contracts and obligations (seeking the advice of legal counsel, where appropriate) that may contain issues that could inadvertently violate legal or regulatory requirements. ***The Chief Compliance Officer or other official “Officer” of the company may NOT be held liable or charged if compliance violations result in charges by the federal government, unless they are personally engaging in the violation or otherwise liable under applicable laws and regulations.***

## 2. HNCS Compliance Committee

The HNCS Compliance Committee has been established to advise the Chief Compliance Officer and assist in the maintenance of the compliance program. The HNCS Compliance Committee consists of a cross-functional team of individuals with varying responsibilities in the organization, as well as employees and managers of key operating units. The committee’s functions will include:

- analyzing the organization’s environment, the legal requirements with which it must comply, and specific risk areas;
- assessing existing policies and procedures that address these areas for possible incorporation into the compliance program;
- working with appropriate departments to develop standards of conduct and policies and procedures to promote compliance with the company’s program;
- recommending and monitoring, in conjunction with relevant departments, the development of internal systems and controls to carry out the organization’s standards, policies and procedures as part of its daily operations;

- determining the appropriate strategy/approach to promote compliance with the program and detect potential violations, such as through the Ethics and Compliance Helpline and other fraud reporting mechanisms; and
- maintaining a system to solicit, evaluate and respond to complaints and problems.

The committee meets quarterly and on ad hoc basis, if needed.

### **3. The Powers and Fiduciary Duties of the Board of Directors**

Board of Directors of Health Net have four primary compliance functions:

- Review and approve business objectives, major strategies and policies, and plans for the organization;
- Provide advice and counsel to senior leadership;
- Review the adequacy of internal controls to comply with applicable laws and regulations; and
- Respond to reported violations (at the highest level).

In order to carry out these primary compliance functions, the Board(s) will do the following:

- The Board(s) will perform its duties with the knowledge that its conduct serves as the exemplar for the ethical tone of the organization and its officers, employees and agents.
- The Board(s), when making a business decision, will act in accordance with its fiduciary obligations and on an informed basis.
- The Board(s) recognize and accept its fiduciary obligation to the organization to fully inform itself of all relevant facts and information on a particular matter prior to making a decision as a Board. The Board(s) are entitled to rely on information, opinions, reports, or statements, and other data, prepared or presented by legal counsel, officers or employees of the organization, public accountants or other persons who are believed to be competent to prepare or present those matters to the Board.
- The Board(s) will develop and institute policies for the implementation of management controls and other duties, obligations and management functions of the officers which are consistent with the authorities contained in the bylaws of the organization, and which are in accordance with the business conduct and ethical standards of these policies.
- The Board(s) acting as a whole or through an appointed committee, will monitor compliance with these policies by:
  - a) Reviewing and attesting annually to Centene's Code of Business Ethics & Conduct and ensuring distribution to employees, officers and directors which explains the organization's expectations regarding personnel conduct and business acumen;
  - b) Maintaining an ongoing program to ensure that each director, officer and employee of the plan:
    - (i) understands the content and goals of these policies;
    - (ii) is aware of the procedures for reporting violations;

- (iii) Understands applicable laws, rules and regulations, and;
- (iv) Understands the importance of prompt disclosure so that potential violations may be promptly reported to appropriate authorities;
- c) Making recommendations where appropriate to:
  - (i) Provide policies and procedures for fair and expeditious investigation of any reported violation of these policies or federal/state laws, rules and regulations;
  - (ii) Maintain procedures for receiving, hearing and resolving violations of these policies;
  - (iii) Maintain procedures to receive suggestions from directors, officers and employees for updating these policies and the Compliance Program to ensure that they are efficient and effective;
- d) Working with organization auditors and legal counsel to ensure the organization complies with these policies and the Compliance Program.
- e) Providing a reporting point for disclosure matters if deemed necessary by the Chief Compliance Officer or individual employees.

## **TRAINING AND EDUCATION**

The proper education and training of the board, management, and all personnel, plus the continual retraining of current employees, are significant elements of an effective compliance program. Employees are required to attend specific training during orientation and on an annual basis. Topics may include, but are not limited to, overviews of federal and state statutes, pertinent laws related to fraud and abuse, regulations and guidelines, policies, and training in corporate ethics. This training program emphasizes the organization's commitment to compliance with its ethical values and these legal requirements and policies.

Training programs associated with this Ethics and Compliance program include sessions highlighting the organization's compliance program, its

Business Ethics and Conduct Policy and the organization's practices that reflect current legal and program standards. The organization will communicate effectively its standards and procedures to all employees, contractors and other significant agents, (e.g., by requiring participation in training programs and disseminating publications that explain specific requirements in a practical manner).

Managers will identify areas that require training and assist in carrying out such training. The Chief Compliance Officer, in conjunction with Health Net's Human Resources

Department, will document any training undertaken as part of the compliance program.

A variety of training methods, such as interactive in-services, on-line training, and newsletters are available to all employees to ensure they are knowledgeable of the standards of conduct and procedures for alerting senior management to problems and concerns. Targeted training will be



provided to corporate officers, managers and other employees whose actions affect the accuracy of information submitted. Given the complexity and interdependent relationships of many departments, proper coordination and supervision of this process by the Corporate Compliance and Health Net's Chief Compliance Officer is important. Primary training to appropriate corporate officers, managers and other staff may include such topics as:

- importance of the compliance program and ramifications of non-compliance;
- governmental regulations;
- department specific compliance requirements;
- general prohibitions on paying or receiving remuneration for preferred business;
- provision of unauthorized signature;
- alterations to records;
- proper documentation; and
- reporting misconduct.

Centene and Health Net require all personnel participate in the various educational and training programs of the company. Employees are required to have a minimum number of educational hours per year, as appropriate to their position, as part of their employment responsibilities.

Attendance and participation in training programs are a condition of continued employment and failure to comply with training requirements will result in disciplinary action, including possible termination, if such failure is serious. Adherence to the provisions of the compliance program, such as training requirements, will be a component in the annual evaluation of each employee. The company retains adequate records of its training of employees, including attendance logs and material distributed at training sessions.

The Corporate Ethics and Compliance staff will annually evaluate the contents of its training and education program to ensure the subject content is appropriate and efficient to cover the range of issues facing employees. Further, it is critical to assure the training and education program content is kept up-to-date with any changes in applicable laws, rules, regulations and Federal health care program requirements.

### **LINES OF COMMUNICATION**

Health Net has processes in place to submit, record, and respond to compliance questions, or reports of potential or confirmed incidence of non-compliance from officers, directors, managers, associates, members and subcontractor and related entities while:

- Maintaining confidentiality, to the extent possible;
- Allowing anonymity, if desired; and
- Ensuring non-retaliation against those who report suspected misconduct.

Centene publicizes the mechanisms to receive compliance questions, reports of potential risks, and reports of fraud, waste, or abuse from Centene's employees, governing body, subcontractor(s), and related entities, through the following communications:

- Group and department meetings;
- Email reminders;

- Associate mailings;
- Compliance awareness articles published on CNET;
- Posters displayed in common work areas;
- Leadership talking points to encourage compliance discussions at department levels; and
- The Provider Operations Manual, Provider Updates and website, if available.

To support the effective lines of communications, there are several resources available, including access to the Health Net Chief Compliance Officer, Centene Corporate Compliance Officer, Access to Chairman and CEO and Board of Directors, the Compliance Helpline, and Centene's intranet CNET. These resources allow employees to report issues in person, submit issues anonymously if they so choose, view policies, find guidance, and learn more about the laws and regulations that govern our business, as well as the standards of conduct expected of all associates.

### **1. Access to the Corporate Compliance and Health Net's Chief Compliance Officer**

An open line of communication between the Corporate Compliance and Health Net's Chief Compliance Officer and Company personnel is equally important to the success of Health Net's compliance program and the reduction of any potential for fraud, abuse and waste. Written confidentiality and non-retaliation policies have been developed and distributed to all employees to encourage communication and the reporting of incidents of potential fraud, abuse, illegal acts, disclosure items, etc. Independent reporting paths have been developed for an employee to report fraud, waste, or abuse so that supervisors or other personnel cannot divert such reports.

Health Net encourages employees to seek clarification from the Chief Compliance Officer in the event of any confusion or question with regard to a company policy or procedure. Standards, policies and procedures will be updated and improved to reflect any necessary changes or clarifications resulting from these questions. The Chief Compliance Officer will solicit employee input in developing communication and reporting systems.

### **2. Access to Health Net's Chairman and CEO and Board of Directors**

If a violation is of a serious nature, employees may report the alleged issue to Health Net's Chairman and Chief Executive Officer or a member of the Health Net Board of Directors. A resource for reporting compliance issues with up-to-date contact information is available to all employees on Centene Corporation's Intranet site.

### **3. Helplines and Other Forms of Communication**

Health Net encourages the use of its helpline, e-mails, written memoranda, newsletters, and other forms of information exchange to maintain open lines of communication. Telephone numbers are made readily available to all employees, service providers and independent contractors. It is a



violation of company policy to intimidate or impose any other form of retribution or retaliation on employees who utilize the reporting system for its intended purpose. Matters reported through the helpline or other communication sources that suggest violations of compliance policies, regulations or statutes are documented and investigated promptly to determine their veracity.

The Corporate Compliance Officer maintains a file documenting each issue, including the nature of any investigation and its results. Such information is included in reports to the governing body and the CEO. Furthermore, while Centene and Health Net strive to maintain the confidentiality of an employee's identity, it will also explicitly communicate that there may be a point where the individual's identity may become known or may have to be revealed in certain instances such as internal disciplinary actions or involvement by governmental authorities.

Health Net recognizes that assertions of fraud and abuse by directors, officers and/or employees who may have participated in illegal conduct or committed other wrongdoing raise numerous complex legal and management issues that will be examined on a case-by-case basis.

No individual's position or influence is considered to be more important than the goal of institutional integrity. Those who report concerns about wrongdoing in good faith will be protected from retaliation. Health Net is committed to its policy that all directors, officers and employees have an obligation to report any violation of the corporate standards of conduct or operational policies and procedures to the Chief Compliance Officer, or if necessary, the Ethics & Compliance Helpline, or the governing body. The Chief Compliance Officer shall, as appropriate, notify and confer with Centene Corporate Compliance and/or legal counsel regarding all such reports and suspected violations immediately. Reporting directors, officers or employees will not be subject to any reprisal for a good faith report of a suspected violation of the corporate standards of conduct or operational policies and procedures.

## **DISCIPLINARY GUIDELINES**

Centene uses several methods for publicizing its disciplinary guidelines to all employees and for encouraging the reporting of incidents of unethical or noncompliant behavior. These methods include, but are not limited to:

- Policies and procedures;
- Compliance training;
- Articles and videos published on CNET;
- Posters displayed in common work areas;
- Live presentations.

Centene subcontractors that suspect a potential compliance or ethical violation has occurred may report the potential violation via the Centene Helpline/Fraud, Waste, and Abuse Hotline. Centene uses provider updates and other methods to publicize the Centene Helpline/Fraud, Waste, and Abuse Hotline to subcontractors.



## 1. Discipline Policy and Actions

Centene and Health Net's compliance program, in conjunction with the Human Resources Department, includes a written policy statement setting forth the degrees of disciplinary actions that will be imposed upon corporate officers, managers, employees, and independent contractors for failing to comply with the company's standards, policies and applicable statutes and regulations. Intentional or reckless noncompliance will subject transgressors to significant sanctions. Such sanctions could range from oral warnings to suspension, privilege revocation (subject to any applicable peer review procedures), termination or financial penalties, as appropriate. The written standards of conduct elaborate on the procedures for handling disciplinary problems and those who are responsible for taking appropriate action. Department managers can handle some disciplinary actions, while others may have to be resolved by a corporate officer. Disciplinary action may be appropriate where a responsible employee's failure to detect a violation is attributable to his or her negligence or reckless conduct. Personnel will be advised that disciplinary action will be taken on a fair and equitable basis. Managers and supervisors have been made aware that they have a responsibility to discipline employees in an appropriate and consistent manner.

In determining the appropriate disciplinary action to impose for a violation of the Business Ethics and Conduct Policy or Compliance Program (or related policies and procedures), the Chief Compliance Officer, in conjunction with Corporate Compliance, legal counsel and other members of senior management, may take into account the following factors:

- a) The nature of the violation and the ramifications of the violation for the organization;
- b) Whether the individual was directly or indirectly involved in the violation;
- c) Whether the violation was willful or unintentional;
- d) Whether the violation represented an isolated occurrence or a pattern of conduct;
- e) Whether the individual in question reported the violation;
- f) Whether the individual withheld relevant information concerning the violation;
- g) The degree to which the individual cooperated with the investigation;
- h) If the violation consisted of the failure to supervise another individual who violated the Business Ethics and Conduct Policy or its Compliance Program (or related policies and procedures), the extent to which the circumstances reflect inadequate supervision or lack of due diligence;
- i) If the violation consisted of retribution against another individual for reporting an issue or cooperating with an investigation, the nature of such retaliation;
- j) The disciplinary action previously imposed for similar violations.

The commitment to compliance applies to all personnel levels within the company. The consequences of noncompliance will be consistently applied and enforced, in order for the disciplinary policy to have the required deterrent effect. All levels of employees will be subject to the same disciplinary action for the commission of similar offenses. Centene and Health Net hold corporate officers, managers, supervisors, and staff accountable for failing to comply with,

or for the foreseeable failure of their subordinates to adhere to, the applicable standards, laws, and procedures.

## **2. New Employee Policy**

For all new employees who have discretionary authority to make decisions that may involve compliance with the law or compliance oversight, Health Net will conduct a reasonable and prudent background investigation, including a reference check, as part of every such employment application. The application will specifically require the applicant to disclose any criminal conviction, as defined by 42 U.S.C. § 1320a-7(i), or exclusion action. Pursuant to the compliance program, corporate policies will prohibit the employment of individuals who have been recently convicted of a criminal offense related to health care or who are listed as debarred, excluded or otherwise ineligible for participation in federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)). Health Net will refrain from the execution of contracts with service providers that have been recently convicted of a criminal offense related to health care or that are listed by a federal agency as debarred, excluded, or otherwise ineligible for participation in federal health care programs. In addition, pending the resolution of any criminal charges or proposed debarment or exclusion, Health Net will remove such individual from direct responsibility for, or involvement in, any federal health care program.

With regard to current employees or service providers, if resolution of the matter results in conviction, debarment or exclusion, Health Net will terminate its employment or other contract arrangement with the individual or contractor.

Nothing in Health Net Corporation's Business Ethics and Conduct Policy, or this Compliance Program or related policies, is intended to nor shall be construed as providing any additional employment rights to employees or other persons.

## **AUDITING AND MONITORING**

### **1. Ongoing Internal Evaluation Process**

An ongoing evaluation process is critical to the success of the compliance program. Health Net's program will incorporate thorough monitoring of its implementation and regular reporting to the Chief Compliance Officer and Compliance Committee. Compliance reports created by this ongoing monitoring, including reports of suspected noncompliance, will be maintained by the Chief Compliance Officer and shared with the company's Board of Directors, senior management and the compliance committee.

Health Net will strive to perform periodic compliance audits utilizing internal or external auditors who have expertise in federal and state health care statutes, regulations and federal health care program requirements (including Part D benefit program). The audits will focus on the company programs or divisions, including external relationships with third-party contractors, specifically those with substantive exposure to government enforcement actions. The audits and reviews will inquire into the company's compliance with specific rules and policies that have been the focus of attention by regulatory bodies or legislation.



Monitoring techniques include sampling protocols that permit the Chief Compliance Officer to identify and review variations from an established baseline. The Chief Compliance Officer, with the assistance of department managers, will develop a snapshot of their operations from a compliance perspective. This assessment can be undertaken by outside consultants, law or accounting firms, or internal staff, with authoritative knowledge of health care compliance requirements. This snapshot, used as part of benchmarking analyses, will become the baseline for the Chief Compliance Officer and other managers to judge the company's progress in reducing or eliminating potential areas of vulnerability.

Significant variations from the baseline will trigger a reasonable inquiry to determine the cause of the deviation. If the inquiry determines that the deviation occurred for legitimate, explainable reasons, the Chief Compliance Officer may limit corrective action or take no action. If it is determined that the deviation was caused by improper procedures, misunderstanding of rules, including fraud and systemic problems, the company will take prompt steps to correct the problem.

The compliance program will incorporate periodic (at least annual) reviews of whether the program's compliance elements have been satisfied. This process will verify actual conformance by departments with the compliance program. Such reviews could support a determination that appropriate records have been created and maintained to document the implementation of an effective program. However, when monitoring discloses that deviations were not detected in a timely manner due to program deficiencies, appropriate modifications will be implemented. Such evaluations, when developed with the support of management, will help ensure compliance with Health Net's policies and procedures.

As part of the review process, the Chief Compliance Officer or their designee will utilize techniques such as:

- unannounced on-site visits;
- interviews with personnel involved in management, operations, and other related activities;
- questionnaires developed to solicit impressions of a broad cross-section of the company's employees and staff;
- reviews of medical and financial records or other source documents;
- reviews of written materials and documentation prepared by the different divisions of the organization; and
- trend analyses, or longitudinal studies, that seek deviations, positive or negative, in specific areas over a given period.

The designee will:

- be independent of organization and line management;
- have access to existing audit and operational resources, relevant personnel and all relevant areas of operation;
- present written evaluative reports on compliance activities to the Chief Compliance

Officer, governing body and members of the compliance committee on a regular basis, but no less than annually; and

- specifically identify areas where corrective actions are needed.

With these reports, company management will take the necessary steps to correct past problems and prevent them from reoccurring. In certain cases, subsequent reviews or studies will be advisable to ensure that the recommended corrective actions have been implemented successfully.

Health Net will document its efforts to comply with applicable statutes, regulations and federal and state program requirements. Maintaining a log of inquiries between the company and third parties represents an additional basis for establishing documentation on which the organization may rely to demonstrate compliance activities. Records will be maintained demonstrating reasonable due diligence in developing procedures that implement such advice.

## **2. Delegation Reporting and Compliance Plan - Oversight of Delegated Entities**

Centene Corporation (“Centene”) believes that it is important for Health Net and their contracted Providers and Vendors to partner for the purpose of fulfilling the requirements of the agreements – Health Net agreements. Cross functional teams at Centene and Health Net monitor Vendor adherence to performance standards and reporting accuracy.

Centene’s Delegation Oversight Program is a holistic approach designed specifically to accomplish this goal. The Program has several components to promote communication, collaboration and ensure adherence to state, federal and NCQA requirements. This program will serve as a guide to Centene and Health Net regarding the management and oversight of Delegates.

Centene and Health Net will not delegate compliance program administrative functions (e.g., compliance officer, compliance committee, compliance reporting to senior management, etc.), but may use Delegates for compliance activities such as monitoring and training, when appropriate.

Prior to contracting, Centene and Health Net will ensure that Delegates and sub-Delegates, are not excluded from participation in Federal health care programs and hold proper licensure and insurance. All Delegates are required to complete a Conflict of Interest Disclosure and Financial Interest Disclosure Statement as outlined in policy CC.COMP.27. In addition, Delegates are required to immediately report any legal proceedings that might occur after the effective date of the Delegation Agreement.

Prior to the start date of any subcontractor and whenever a change occurs, Health Net will submit to the Department of Health Care Services and/or the Department of Managed Healthcare for review and approval the names of any material subcontractors hired to perform any of the requirements of the Contract and the names of their principals. All subcontracts will be submitted to the Department of Health Care Services and/or the Department of Managed Healthcare for review and approval prior to their effective date. In addition, Health Net will maintain all agreements and subcontracts relating to the Contract in writing and provide reporting, including copies of all agreements and subcontracts, to the Department of Health Care Services and/or the Department of Managed Healthcare within five days of receiving such request.

The Health Net Compliance Department, in collaboration with the Health Net Quality Department, will ensure the Entity performs ongoing reporting and oversight of Delegates, including both National and Local Delegation contracted by Health Net.

The Vendor Oversight Program is further described in CC.COMP.21 and related work processes.

## **OFFENSE INVESTIGATION AND CORRECTIVE ACTION INITIATIVES**

### **1. Violations and Investigations**

Violations of Health Net’s compliance program, failures to comply with applicable federal or state law, and other types of misconduct threaten the company’s status as a reliable, honest and trustworthy organization capable of participating in government sponsored health care programs.

Detected but uncorrected misconduct can seriously endanger the mission, reputation, and legal status of the company. Consequently, upon reports or reasonable indications of suspected noncompliance, the Compliance



Officer or designee will initiate prompt steps to investigate the conduct in question to determine whether a material violation of applicable law or the requirements of the compliance program has occurred, and if so, take steps to correct the problem. As appropriate, such steps may include an immediate referral to criminal and/or civil law enforcement authorities, a corrective action plan, or a report to the state or federal authorities.

Depending upon the nature of the alleged violations, an internal investigation will typically include interviews and a review of relevant documents. Health Net may engage outside counsel, auditors, or managed care experts to assist in an investigation. Records of the investigation will contain documentation of the alleged violation, a description of the investigative process, copies of interview notes and key documents, and the results of the investigation, (e.g., any disciplinary action taken, and the corrective action plan implemented). While any action taken as the result of an investigation will necessarily vary depending upon the situation, the Chief Compliance Officer will strive for some consistency by utilizing sound practices and disciplinary protocols. Furthermore, the Chief Compliance Officer will review the circumstances that formed the basis for the investigation to determine whether similar problems have been uncovered.

If the Chief Compliance Officer believes the integrity of the investigation of an alleged violation may be at stake because of the presence of employee(s) under investigation, those subjects will be removed from their current work activity until the investigation is completed (unless an internal or government-led undercover operation is in effect). In addition, the Chief Compliance Officer will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation. If the company determines that disciplinary action is warranted, it will be prompt and imposed in accordance with Centene and Health Net’s written standards of disciplinary action.

## **2. Corrective Actions**

Corrective actions will be designed to correct the underlying problem that results in program violations and prevent future misconduct. A corrective action plan will be tailored to address the particular misconduct identified. The corrective action plan will provide structure with timeframes so as not to allow continued misconduct.

When developing corrective actions for misconduct the elements of the corrective action will be detailed in writing and includes ramifications should there be failure to satisfactorily implement the corrective action. Corrective action plans will continue to be monitored after the implementation to ensure that they are effective.

## **3. Reporting**

If, after a reasonable inquiry, the Chief Compliance Officer discovers credible evidence of misconduct from any source and has reason to believe that the misconduct may violate criminal, civil or administrative law, then the Chief Compliance Officer will consult with the Chief Executive Officer, Board of Directors, Corporate Compliance, and legal counsel and promptly report the existence of misconduct to the appropriate governmental authority within a reasonable period, but not more than sixty (60) days after determining that there is credible evidence of a violation.

Prompt reporting demonstrates Health Net's good faith and willingness to work with governmental authorities to correct and remedy the problem. In addition, reporting such conduct is considered a mitigating factor in determining administrative sanctions (e.g., penalties, assessments, and exclusion), if the reporting entity becomes the target of an outside investigation.

When reporting misconduct to the government, Health Net will provide all evidence relevant to the alleged violation of applicable federal or state law(s) and potential cost impact. The Chief Compliance Officer, under advice of legal counsel, and with guidance from governmental authorities, could be requested to continue to investigate the reported violation. Once the investigation is completed, the Chief Compliance Officer will be required to notify the appropriate governmental authority of the outcome of the investigation, including a description of the impact of the alleged violation. If the investigation ultimately reveals that criminal or civil violations have occurred, appropriate federal and state officials will be notified immediately.

## **COMPLIANCE REPORTING**

Health Net and Centene recognize the significance of Regulatory Reporting to our business as it is the primary data set a State or Federal Partner utilizes to value our service, measure health outcomes and determine our performance to requirements outlined in contracts. Compliance Reporting is a key business process that relies on the engagement of multiple areas in the organization to ensure our regulators receive an accurate and timely view of our business performance on contractual or regulatory requirements.

The Compliance Reporting Program is further described in our Compliance Reporting Program Policy, CC.COMP.33.

## **PROGRAM IMPROVEMENTS**

Health Net will work collaboratively with the Department of Health Care Services and/or the Department of Managed Healthcare on an on-going basis to enhance the Compliance Program and

address any identified deficiencies. If the review is on-site, Health Net will provide necessary space for the Department of Health Care Services and/or the Department of Managed Healthcare to work. Any record requests, corrective actions or deficiencies identified in the course of a review or audit conducted by any agency with oversight of the Medicaid program shall be completed within the timeframes established by reviewing agency.

The Chief Compliance Officer will collaborate with the Quality Improvement Committee, as necessary, to assist in their efforts to promote meaningful communication and input to assist Health Net in providing culturally effective services and care management approaches to members.

**Adapted from:**

Health and Human Services Office of the Inspector General. (August, 1998). Model Compliance Plan for Hospitals [On-line].

Available: <http://www.hhs.gov/progorg/oig/modcomp/hospital.pdf>

OIG Supplemental Compliance Program Guidance for Hospitals, Federal Register / Vol. 70, No. 19 / Monday, January 31, 2005 [On-line].

Available:  
<https://oig.hhs.gov/fraud/docs/complianceguidance/012705hospsupplementalguidance.pdf>

## FOOTNOTES

<sup>1</sup>The Office of Inspector General, for example, considers the existence of an effective compliance program that pre-dated any Governmental investigation when addressing the appropriateness of administrative penalties. Further, the False Claims Act, 31 U.S.C. " 3729-3733, provides that a person who has violated the Act, but who voluntarily discloses the violation to the Government, in certain circumstances will be subject to not less than double, as opposed to treble, damages. See 31 U.S.C. ' 3729(a).

<sup>2</sup> See United States Sentencing Commission Guidelines, Guidelines Manual, 8A1.2, comment. (n.3(k)).