

# Compliance Program



SENIOR WHOLE HEALTH

2018

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## Introduction

Senor Whole Health, (hereinafter referred to as “SWH” or “Company”) is dedicated to conducting business honestly and ethically. In order to live up to this commitment, SWH has set forth below key principles and rules to be followed by the Company’s Board of Directors, its employees, contractors, and other individuals who work with SWH. As part of this commitment, SWH adopted this Compliance Program. This Compliance Program is applicable to SWH’s Medicare Parts C and D and Medicaid operations.

The Compliance Program is updated annually and is approved by SWH’s Board of Directors. The Compliance Program reinforces the Company’s commitment to ethical standards of conduct. SWH’s Compliance Program includes the Code of Conduct (“Code”), which is approved by the Board of Directors and endorsed by SWH’s Chief Executive Officer (“CEO”). The Compliance Program includes elements related to mandatory compliance; Fraud, Waste and Abuse (FWA); Health Insurance Portability and Accountability Act (HIPAA); and Health Information Technology for Economic and Clinical Health (HITECH) Act training; specialized Medicare operations training; and fraud, waste and abuse detection, prevention and correction.

One of the key elements in The Compliance Program is the creation of a Compliance Committee (“Committee”), which is charged with supporting the Compliance Officer’s oversight of the Compliance Program. The Committee is responsible to senior management, the CEO, and the Board of Directors. The Committee is charged with reviewing the effectiveness of the compliance program as a result of audits conducted, monitoring of metrics and key indicators, and ensuring prompt and effective corrective actions are taken where deficiencies are noted. The Compliance Officer and the Committee are responsible for escalating compliance deficiencies and ongoing issues of non-compliance to senior management, the CEO, and the Board of Directors.

SWH makes this Compliance Program available to all SWH employees and members of the Board of Directors, as well as first-tier, downstream and related entities (“FDRs”). First-tier entities include any party that enters into a written agreement, acceptable to CMS, with SWH to provide administrative services or health care services for a Medicare-eligible individual. Downstream entities include any party that enters into a written agreement, acceptable to CMS, below the level of the arrangement between SWH and a first-tier entity. These written arrangements continue down to the level of ultimate provider of both health and administrative services. Finally, related entities include any entity that is related to SWH by common ownership and control and either performs some of SWH management functions under contract or delegation; furnishes services to Medicare enrollees under an oral or written agreement; or leases real property or sells materials to SWH at a cost of more than \$2,500 during a contract period.

The Compliance Officer reserves the right to amend and update components of the Compliance Program, including the material in this Compliance Program, at any time to make changes based on regulatory guidance, enhancements to the program to improve effectiveness or for any other reason. Revisions will be reviewed and approved by the

Board of Directors.

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

All SWH employees who support Medicare and Medicaid programs must read and understand the content of The Compliance Program. Please contact the Compliance Officer if you have questions regarding information contained in this Compliance Program.

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## The Compliance Program

The highest standards of ethics and integrity are at the core of SWH's (hereinafter referred to as "SWH" or "Company") values and begin with each individual employee. At SWH, each employee is required to observe all applicable laws and regulations, as well as demonstrate the highest standards of proper conduct and personal integrity. Employees are expected to conduct themselves in an ethical and lawful manner, both inside and outside of the workplace, by refraining from any non-compliant, illegal, dishonest or unethical activities. Proper conduct is an individual responsibility. SWH's Code of Conduct expresses these commitments as key values of our Company.

SWH considers its Compliance Program to be an essential tool for promoting regulatory compliance and ethical conduct; and preventing, detecting and resolving non-compliant and illegal conduct, including fraud, waste, or abuse of government programs, whether committed by SWH employees or by those outside the Company.

The primary components of the Compliance Program include, but are not limited to the following:

- Written Policies and Procedures and Standards of Conduct
- Designation of a Compliance Officer and a Compliance Committee
- Conducting Effective Training and Education
- Developing Effective Lines of Communication
- Enforcement of Standards Through Publicized Disciplinary Guidelines
- Conducting Auditing, Routine Monitoring and Risk Assessment
- Responding to Detected Offenses, Developing Corrective Action Initiatives and Reporting to Government Authorities
- Prevention, Detection, and Correction of Fraud, Waste, and Abuse
- Whistleblower Protection and Non-Retaliation Policy

An effective Compliance Program includes a compliance plan, which is a written document that describes the specific manner in which the Compliance Program elements are met for our Medicare Advantage ("MA") and Part D Prescription Drug ("Part D") lines of business. The compliance plan also clearly states SWH's expectations for employee conduct and provides employees with guidance in abiding by the elements of the Compliance Program.

This Compliance Program was developed under the direction of SWH's Compliance Officer and will be approved by the Board of Directors.

This Compliance Program applies to all SWH employees, members of the Board of Directors, and FDRs whose jobs touch upon the Medicare and Medicaid programs, even indirectly.

## Written Policies, Procedures, and Standards of Conduct

SWH's overall expectations for employee conduct begin with SWH's commitment to comply with all applicable Federal and State regulations, standards, and sub-regulatory guidance. Compliance training occurs as part of the new hire process and is conducted annually thereafter. In addition, SWH has policies and procedures that establish expectations that SWH employees, as well as FDRs, are expected to follow. SWH maintains policies and written guidelines to ensure that all employees know and understand their individual responsibility for compliant and ethical business practices. These documents are available to employees on the Company's shared drive.

### Code of Conduct

The Code of Conduct expresses the Company's commitment to conduct business in a lawful and ethical manner in compliance with Federal and state requirements. The Code of Conduct is endorsed by the CEO and approved by the Board of Directors, and is designed to guide SWH employees and business partners in upholding the highest standards of ethics and integrity.

The Code of Conduct is distributed to all employees when they begin working at SWH, and is reviewed annually, so that employees are familiar with the ethical and legal standards with which they are required to comply. An electronic copy of the Code of Conduct is available to employees on the Company's shared drive and provided electronically to all business associates and FDRs.

Each SWH manager, member of the Board of Directors and officer of the company is responsible for reinforcing the Code of Conduct in their respective departments. In support of the Code of Conduct, SWH has developed written policies, which provide employees with practical guidance in meeting SWH's standards of acceptable behavior. Policies and procedures are available to all employees electronically on the SharePoint Policy Portal.

All employees and members of the Board of Directors must attest at the time of hire and annually that they have read and understand the Code of Conduct and agree to abide by SWH's Code of Conduct, as well as its policies and procedures

In order to communicate its compliance expectations for its FDRs, SWH will ensure its Code of Conduct and policies and procedures are made available to its FDRs and their employees. Alternatively, SWH will ensure its FDRs have comparable standards of conduct and policies and procedures.

On an annual basis, the Company reviews the Code of Conduct for possible revisions that may result from changes in applicable laws or regulations.

### HIPAA Privacy Program ("Privacy Program")

The HIPAA Privacy Program sets the standards for employees in safeguarding confidential and protected health information (“PHI”). SWH recognizes the importance of privacy and confidentiality for our members – it is a key principle of our business. All SWH employees are required to understand and comply with HIPAA, as well as other federal and state laws applicable to the protection of confidential health information. To that end, SWH has policies and procedures in place to address the protection and privacy of member information that is used or disclosed by SWH in any format.

Upon hire and annually thereafter, all employees are required to complete training on SWH’s Privacy Program policies and are required to perform their work duties with a conscious regard to the privacy rights of SWH’s members.

Under the direction of SWH’s Privacy Officer, the Privacy Program focuses on educating employees about their ongoing responsibility to protect member privacy and secure member information. The Privacy Officer manages and updates our privacy policies and procedures, which are available to all SWH employees electronically on the SharePoint Policy Portal.

The FDR’s Privacy Officer is responsible for managing any issues related to privacy breaches and reporting privacy breaches as necessary.

### **Fraud, Waste, and Abuse (“FWA”) Program**

SWH’s Fraud, Waste and Abuse (“FWA”) Program demonstrates its commitment to prevent, detect and report potential fraudulent activity. It includes measures such as training, implementation of FWA safeguards such as identification of excluded providers and entities, and the use of data to detect internal and external FWA.

Fraudulent activity may involve an enrollee, an employee, member of the Board of Directors, or FDR (including providers), 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 permit a member to receive an otherwise uncovered service under Medicare or Federal programs or a combination of scenarios.

All prospective employees are required to undergo a pre-employment background check and mandatory drug screens prior to employment. SWH also conducts routine internal auditing intended to screen-out those who have engaged in fraudulent acts to include, but is not limited to, criminal background checks as required by law or contract, employment verification, credentialing and re-credentialing of providers. SWH checks the U.S. Department of Health and Human Services (“HHS”) Office of Inspector General (“HHS-OIG”) List of Excluded Individuals/Entities (“LEIE”), the U.S. General Services Administration’s (“GSA”) web-based System for Award Management (“SAM”) (formerly known as the Excluded Parties List System (“EPLS”)), U.S Treasury Department Office of Foreign Assets List of Specially Designated Nationals, and Blocked Persons and applicable state exclusion lists for names of excluded employees, contractors, providers, and vendors barred from participation in Medicare, Medicaid, other federal



health care programs, federal contracts, and state health care programs.

SWH uses a number of system edits and programmatic reviews of data designed to detect potential fraud. For example, monitoring pharmacy and medical billing to identify unusual patterns, analyzing claims data to identify potential errors and identify overutilization, etc.

SWH maintains an FWA 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 Medicare Drug Integrity Contractor (“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.

All SWH employees, members of the Board of Directors, and FDRs play an important role in SWH’s fraud prevention program and are required to report suspected fraud, waste, or abuse. SWH aggressively pursues allegations of health care fraud, waste, and abuse.

## **Compliance Policies and Procedures**

SWH has developed Compliance Policies and Procedures to ensure process controls are in place to meet specific requirements of the Medicare and Medicaid programs. The following policies and procedures represent a sample of the policies and procedure that support SWH Compliance Program and work in conjunction with department policies developed by and used on a day-to-day basis by SWH operational areas and/or business units:

- Medicare: Fraud, Waste and Abuse Compliance Program
- False Claims Laws and Whistleblower Protections
- Excluded Individuals and Entities (Employees, Contractors, Providers & Vendors)
- Compliance Hotline
- Reporting Potential Compliance Violations
- Compliance Committee
- Internal Auditing and Monitoring
- Monthly Attestation
- HPMS System Access
- Identification of First Tier, Downstream and Related Entities
- Annual Risk Assessment

In order to communicate its compliance expectations for its FDRs, SWH will ensure its Code of Conduct and policies and procedures are made available to its FDRs and their employees. Alternatively, SWH will ensure its FDRs have comparable standards of conduct and policies and procedures.

SWH’s Policies and Procedures are reviewed annually, and revised when SWH

processes or CMS requirements necessitate a change. SWH's Policies and Procedures are maintained in a central electronic Policy Repository, to allow employees to easily find and access them.

## **Compliance Officer & Compliance Committee**

The Compliance Officer is an employee of SWH, and directs the Compliance Program for SWH. The Compliance Officer works directly with the Compliance Committee to coordinate Medicare compliance activities. The Compliance Officer works with the senior management of each SWH operational area and/or business unit to monitor the units' operational compliance.

### **Compliance Officer**

The Compliance Officer is charged with overall responsibility and implementation of the Compliance Program.

The Compliance Officer reports to the CAO, and also has authority to go directly to the CEO and/or the Board of Directors, when necessary.

The Compliance Officer routinely reports Medicare and Medicaid compliance activities to the Compliance Committee and the Board of Directors. At any time, the Compliance Officer may escalate compliance issues directly to SWH's executive management team, the CEO, or SWH's Board of Directors, who are accountable for ensuring the Company's compliance goals are met.

The Compliance Officer plays a key role in assessing the effectiveness of the Compliance Program and the organization's performance in meeting CMS standards.

The Compliance Officer ensures processes are in place to monitor and oversee activities performed by the various operational areas and FDRs. Specifically, the Compliance Officer is responsible for establishing and reporting key compliance and performance measures; detecting and promptly responding to issues of non-compliance; and working with operational areas to develop and monitor corrective actions. With the support of SWH senior management and the Compliance Committee, the Compliance Officer ensures consistent disciplinary guidelines are enforced for incidents of non-compliance with company standards.

The Compliance Officer is also responsible for:

- Representing SWH before all applicable state and federal regulatory agencies on Medicare and Medicaid related issues and serving as liaison for communications between the Company and CMS.
- Establishing the overall framework for the Compliance Program to promote compliance with applicable Medicare Advantage, Part D and Medicaid regulatory requirements.

- Ensuring reporting of compliance matters to the Compliance Committee with authority to escalate issues to senior management and the Board of Directors.
- Assessment of new risk areas based on information gathered from a variety of sources, including new CMS or State Medicaid guidance, internal assessments, member complaints, CMS inquiries or other avenues; and recommending new or revised metrics, policies and procedures, enhanced training courses, or other activities that may be tracked and measured to demonstrate compliance.
- Reporting incidents of potential or identified non-compliance, and working with the applicable operational areas and/or business units to implement appropriate and timely corrective actions that will result in measurable compliance.
- Developing relevant and effective Medicare and Medicaid compliance training programs that support the Compliance Program and build compliance awareness for employees, members of the Board of Directors and FDRs.

The Compliance Officer also promotes ethical conduct, instilling a company-wide commitment to Medicare compliance, and exercising diligence in ensuring the overall Compliance Program requirements are met.

## Compliance Committee

SWH's Compliance Committee (the "Committee") is responsible for assisting the Board of Directors and the Compliance Officer in overseeing SWH's Compliance Program and achieving and maintaining compliance throughout the organization.

The Committee is chaired by the Compliance Officer with executive sponsorship by the CAO. The Committee consists of representatives of senior management from various key operational areas and business units. The Committee meets regularly at a frequency established by the Compliance Officer, but no less than once per quarter.

A key focus of the Committee is the ongoing review of Compliance Program activities. The Committee monitors key performance metrics, ensures mandatory compliance training is completed, and oversees updates to policies and procedures as the result of regulatory guidance changes. The Committee monitors Compliance Program performance through proactive measures, analysis of business and clinical operations, and adherence to SWH policies and procedures. The Committee monitors corrective actions to ensure they are promptly implemented and that monitoring processes are in place for sustained compliance. The Committee periodically reports these activities and their status to the Board of Directors.

The Committee ensures that enrollees, employees, members of the Board of Directors, and FDRs have an effective system for reporting compliance issues and potential fraud, waste, or abuse without fear of retaliation.

## Governing Body

The Board of Directors is ultimately accountable for compliance within the Company. The Board of Directors is obligated to oversee the Compliance Program for the MA, Part

D and Medicaid contracts under their purview. The Compliance Officer has unfettered access to the Board of Directors and the Compliance Committee. When compliance issues are presented to SWH, its Board of Directors, or the Compliance Committee, further inquiries are made and appropriate action is taken to address and satisfactorily resolve those issues.

As required by Federal regulations, the Board of Directors is knowledgeable on the content and operations of the Compliance Program. SWH's Board of Directors receive compliance training and education as to the structure and operation of the Medicare Compliance and FWA Program to enable them to be engaged, to ask questions and to exercise independent judgment over the compliance issues with which it is presented. SWH's Board of Directors is knowledgeable about compliance risks and strategies, understand the measurements of outcome, and are able to gauge effectiveness of the Compliance Program.

## **Senior Management**

The CEO and other senior management are engaged in the Compliance Program. The CEO and senior management ensure the Compliance Officer is integrated into the organization and has the resources necessary to operate an effective Compliance Program. The CEO receives regular reporting from the Compliance Officer about risks and concerns facing the company, the strategies being implemented to address them, and the results. The CEO receives regular reporting of all compliance enforcement, from Notices of Noncompliance to formal enforcement action.

## **Training and Education**

Training and education are integral to SWH's overall Compliance Program. Compliance training is mandatory for all new employees, including the CEO, executive management team, senior managers, as well as members of the Board of Directors, and must be completed within 90 days of hire; refresher training is required annually.

Compliance training includes the courses listed below.

## **Compliance Program and the Code of Conduct**

This course was established to ensure compliance with SWH's Code of Conduct and ethical behavior for all employees and members of the Board of Directors. This course reviews the laws and regulations that govern the healthcare industry and guide SWH's relations with members, regulators, shareholders, and the communities in which it does business.

## **HIPAA Privacy**

This course provides an overview of the HIPAA laws relating to privacy and security of PHI and personally identifiable information (“PII”). The course reviews SWH’s policies and procedures regarding the handling of PHI and PII.

## **Medicare General Compliance**

This course provides a high level overview of SWH’s Compliance Program and applicable policies and procedures.

## **Fraud, Waste and Abuse**

This course explains the differences between fraud, waste and abuse, outlines basic steps for identifying potentially fraudulent schemes, and provides instruction on how to report suspected incidents of fraud, waste, and abuse for investigation.

## **Compliance Training for FDRs**

All FDRs and FDR employees who assist in the administration or delivery of SWH’s MA and Part D programs, whether full-time, part-time, temporary, volunteer or otherwise, are required to take general compliance training within 90 days of contracting and annually thereafter, regardless of whether they are deemed to have met the FWA training and education requirement.

FDRs must ensure all employees conducting business on behalf of SWH have completed CMS’ training located on the Medicare Learning Network (MLN).

SWH requires that FDRs maintain thorough and accurate records of all completed training and that they present MLN certificates of completion to SWH upon request.

## **FWA Training for FDRs**

All FDRs and FDR employees who assist in the administration or delivery of SWH’s MA and Part D programs, whether full-time, part-time, temporary, volunteer or otherwise, are required to take FWA training within 90 days of contracting and annually thereafter, with the exception of those FDRs that are deemed to have met the FWA training and education requirement.

FDRs must ensure all employees conducting business on behalf of SWH have completed CMS’ training located on the Medicare Learning Network (MLN).

SWH requires that FDRs maintain thorough and accurate records of all completed training and that they present MLN certificates of completion to SWH upon request.

## **Specialized Compliance Training**

Specialized compliance training is provided to SWH’s permanent and temporary employees to ensure they are aware of the Medicare requirements related to their job

function. Model of Care training is required as part of SWH's training program.

Specialized compliance training is provided upon initial hire or appointment to the job function, when requirements change, when the employee is found to be non-compliant with program requirements, and when the employee's operational area is found to be non-compliant with program requirements, or implicated in misconduct.

Specialized compliance training may be developed by the Compliance Department or by the applicable operational area(s) and/or business unit(s). Formal specialized compliance training may be conducted through interactive sessions led by expert facilitators, web-based tools, live or videotaped presentations, written materials, or any combination of these techniques, or any other methods SWH deems appropriate and effective.

FDRs are required to develop and administer specialized compliance training to their employees who work with the MA and Part D programs.

## **Tracking Mandatory Compliance Training**

The Human Resource and Compliance Departments are responsible for initiating and tracking when training is due. The Compliance Officer (or designee) is responsible for ensuring the training content meets CMS' requirements.

Employees and managers receive regular reminders of their training obligations, as well as email reminders of outstanding compliance training requirements. Completion of mandatory compliance training courses is tied to each employee's annual performance goals. Every level of management is responsible for ensuring employees complete all required compliance training by the due date. Failure to complete required compliance training may result in performance actions, up to and including termination of employment, for both employees and their managers.

## **Effective Lines of Communication**

SWH is committed to fostering a culture of compliance throughout the company. This is achieved by regularly communicating the importance of performing our jobs in compliance with regulatory requirements and reinforcing SWH's expectation of ethical and lawful behavior.

SWH has systems in place to receive, record, and respond to compliance questions, or reports of potential or actual non-compliance from employees, members of the Board of Directors, members, and FDRs.

## **Compliance Shared Drive**

The Compliance Department maintains a shared drive dedicated to educating employees about key compliance areas related to MA, Part D, and Medicaid lines of business. In the Compliance shared drive, the portal, and in the Online Monitoring Tool, employees can find, among other things:

- The Compliance (Medicare and Medicaid) Program
- An electronic version of the Code of Conduct
- Instructions for reporting suspected violations of the Code of Conduct
- HIPAA privacy and breach reporting policies
- Training materials relating to key Medicare compliance requirements
- Applicable CMS guidance (e.g., HPMS memos)

In addition, each new employee receives the following information upon hire:

- Information related to the laws and regulations that govern our business, including links to MA and Part D related websites
- An email link for submitting questions to the Compliance Department
- Instructions for reporting potential incidents of non-compliance, fraud, waste or abuse

## Communicating Compliance Concerns

SWH strives to foster an environment where employees seek and receive prompt guidance on compliance issues. Whenever an employee has questions or doubts about the compliant or ethical nature of a particular action, the employee is encouraged to seek guidance through any number of sources, including:

- Company policies and the Code of Conduct
- A manager or Senior Whole Health Administrator
- The Compliance Officer
- The Compliance Hotline
- The Finance Department
- The Human Resources Department
- SWH's Compliance Mailbox
- SWH's SIU Mailbox

Employees that become aware of a violation of the Code of Conduct (including issues of non-compliance or FWA), have a duty to report the violation either to his/her supervisor, manager, the Compliance Officer, the Compliance Hotline or any of the resources listed above.

Open discussion of ethical and legal issues without fear of retribution is the cornerstone of SWH's Compliance Program. SWH will not tolerate retaliation against any employee who, in good faith, reports an ethical or legal concern. SWH's position on non-retaliation is described in policies, procedures, and in required training materials.



## Compliance Hotline

SWH maintains a Compliance Hotline to foster an open atmosphere for employees and others to report issues and concerns, free from retaliation. Employees, members, or FDRs may report potential compliance issues, suspected FWA, or other concerns related to the Code of Conduct via the Compliance Hotline.

The Compliance Hotline is available 24 hours a day, 7 days a week. Callers may choose to remain anonymous. All calls are investigated and remain confidential. Written confidentiality and non-retaliation policies have been developed to encourage open communication and the reporting of incidents of suspected fraud, waste, and abuse. SWH has a zero tolerance policy for employees who in good faith report potential or suspected violations.

All calls to the Compliance Hotline related to Medicare and/or Medicaid are investigated by the Compliance Officer. If a call concerns fraud, waste, and abuse, the Compliance Officer will coordinate with the SIU as appropriate. Results of investigations are reported back to the caller as appropriate.

The Company ensures proper investigation and resolution of reported matters, including identification of opportunities for training; patterns or trends; and the need for corrective action.

The Compliance Department regularly promotes employee awareness of the Compliance Hotline through a variety of materials, published at intervals throughout the year, including:

- Newsletter articles to employees
- Posters displayed in common work areas
- Policies and Procedures
- New employee/annual training

Members and FDRs are educated about the Compliance Hotline through:

- Company website
- Provider Newsletters and Updates
- Member Notices

## Enforcement of Standards

As part of SWH's compliance program, the Company has published the Code of Conduct, which establishes standards of conduct that all employees must follow. Every employee is responsible for abiding by the Code of Conduct and for reporting any situation where an employee believes illegal or unethical conduct may have occurred, and for assisting in its resolution as needed. FDRs must also comply with standards



SWH has established or demonstrate that they have implemented similar standards of conduct.

SWH takes its commitment to the Code of Conduct very seriously. Disciplinary action is taken against employees who authorize or participate directly in a violation of applicable state or federal law, the Code of Conduct, standards of conduct, or policies and procedures, and any employee who may have deliberately failed to report such a violation or who hinders an investigation.

SWH's strong commitment to ethical values and compliant conduct includes:

## **Involvement of CEO and Other Management**

The President and CEO of the Company and other executive team management, including the Compliance Officer, are involved in establishing SWH's standards of conduct.

## **Enforcing Standards of Conduct**

SWH's policies provide specific instructions for handling reports of potential violations of company policies, administrative rules, regulations or law. Any SWH employee who suspects a potential violation of policy or law is required to report the matter to:

- Their department manager or a SWH Administrator
- The Compliance Officer
- The Compliance and FWA Hotline
- Making a report if suspect fraud, waste and abuse via the Compliance and SIU Unit mailbox or submitting a SIU referral form via the SIU mailbox

In accordance with federal law, SWH prohibits retaliation or intimidation against any employee who, in good faith, reports an ethical or legal concern, even if the concern does not amount to a confirmed violation. SWH believes non-retaliation for good faith reporting encourages internal reporting of potential violations, allows SWH to enforce the appropriate disciplinary action for confirmed violations, and enables SWH to proactively implement business policies, processes, and training that prevent reoccurrence. SWH's position on non-retaliation is described in the Code of Conduct, as well as in a number of policies, procedures and required training materials.

SWH reserves the right to impose proper disciplinary action on an employee that reported the confirmed violation if it is determined that the reporting employee was involved in the violation. In this instance, SWH may consider the decision to report the violation and any subsequent cooperation as mitigating factors in any disciplinary action.

## **Performance Improvement**

Serious and/or severe violations may be grounds for termination or other disciplinary action, depending on the circumstances of each violation as determined by the Human Resources Department in consultation with the Compliance Officer or his/her designee.

SWH utilizes a progressive coaching and performance improvement process, which offers a fair, equitable, and consistent method of guiding employees toward acceptable job performance and conduct in instances where employee conduct problems do not rise to the level of serious/severe.

## **Publicizing Disciplinary Guidelines**

All SWH employees are informed that violations of the Code of Conduct, SWH policies, regulations, or laws may result in appropriate disciplinary action, up to and including termination of employment. Disciplinary Guidelines are communicated to employees in trainings at the time of hire and annually. They are also included in the Employee Handbook, which is sent to all employees at the time of hire and upon request, and is also posted on the Company's HR/Payroll site.

## **Monitoring and Auditing**

Monitoring and auditing are critical elements in SWH's Compliance Program. Monitoring and auditing allows SWH to identify areas that require corrective action in order for the Company to achieve compliance with specific regulatory requirements. This process of self-identification and corrective action, along with monitoring that such actions are effective, is a key element of our program.

Auditing and monitoring activities are determined through an annual risk assessment.

## **Risk Assessment**

The Compliance Department identifies priority risk areas through CMS audits and oversight, and through reviews of its business unit operations. Specifically, the Compliance Department performs an annual risk assessment using data and information from a variety of sources, which may include:

- Regulatory risks based on CMS guidance
- Risks as identified in the OIG work plan
- Audit findings from CMS
- Audit findings from the State Medicaid Division
- CMS audit protocols
- Notices of non-compliance from CMS
- Complaints filed with CMS (CTMs) or State Agencies
- Complaints related to sales and marketing issues
- Secret shopper issues and findings identified by CMS
- Audit findings from business unit self-audits

- Corrective Action Plan monitoring
- Member “touch points” such as Appeals & Grievances, Claims, Member Services, and Enrollment/Disenrollment

The result of the risk assessment drives the development of the Compliance Department’s annual work plan for oversight, auditing and monitoring and risk reviews. Medicare Compliance may modify its annual work plan based on issues that arise within the organization, focusing on high risk areas to confirm effective corrective actions were taken based on detected areas of non-compliance or compliance risk. Medicare Compliance audits are based on regulatory guidance and, depending on the department being audited, rely on CMS guidance outlined in the:

- The Medicare Managed Care Manual
- The Medicare Prescription Drug Benefit Manual
- Code of Federal Regulations
- Other applicable CMS guidance
- State Medicaid Contracts

At the conclusion of its audits, the Compliance Officer (or designee) prepares a report of findings and observations, which are shared with the applicable business unit(s). The business unit(s) develops a corrective action plan to address the findings/observations and ensure compliance is achieved and maintained. The findings/observations and corrective action plan are reported to the Compliance Committee, and may be reported to the CEO and the Board of Directors.

### **Business Unit Self-Monitoring**

Key SWH business units and operational departments conduct monitoring to measure their departments’ performance against CMS and State Medicaid requirements. The results are reported along with other Compliance metrics to the Compliance Officer and the Compliance Committee.

### **Third Party Validation Review Audits**

SWH may contract with independent third parties to audit the Company’s processes and operations against CMS standards and requirements. In addition, as required by CMS, SWH will hire an independent auditor (IA) to validate if the deficiencies that were found during a CMS full or partial program audit have been corrected. The IA selected will not have an existing relationship with SWH that would prevent, or give the appearance of preventing the IA from providing an objective assessment of SWH’s operations.

### **Monitoring and Auditing of FDRs**

SWH contracts with various parties to administer and/or deliver Medicare Advantage, Part D, and Medicaid benefits on SWH’s behalf. These first-tier parties and their downstream contractors must abide by specific SWH contractual and regulatory

requirements.

In addition to the Compliance Department, various SWH operational departments are responsible for overseeing the ongoing compliance of FDRs including, but not limited to:

- Credentialing
- Claims
- Medical Management
- Appeals and Grievances
- Delegation Oversight
- Pharmacy
- Provider Network Management
- Enrollment

SWH employs multiple methods to monitor and audit FDRs, including desk reviews, and monitoring of self-audit reports. Oversight activities and results are reported regularly to the Compliance Officer and the Committee. Departments responsible for overseeing FDRs must ensure appropriate corrective actions are implemented on a timely basis.

### **SIU Monitoring, Audit and Investigations**

The SIU is responsible for investigating issues of possible Medicare or Medicaid fraud, waste, and abuse. The SIU also develops and implements training and awareness programs to promote SWH's commitment to combating fraud, waste, and abuse among associates, business partners, and FDRs.

The SIU is the focal point for FWA investigations for the Company and works with the Medicare Drug Integrity Contractor ("MEDIC"), law enforcement, or other agencies, as required.

The SIU employs analytical data mining to identify inappropriate referral patterns, possible payment errors, utilization trends and other indicators of potential fraud, waste, and abuse. The SIU performs proactive and reactive data analysis of medical and prescription drug claims to detect outliers that may indicate potential fraud, waste, and abuse. SWH promptly investigates and responds to potential violations. This process enhances SWH's investigations, highlights high risk areas, and improves the Company's ability to combat fraud, waste, and abuse.

The SIU consolidates data and metrics resulting from its activities, and reports these findings to the Compliance Committee and the Board of Directors on a quarterly basis.

### **Auditing by Federal Agencies or External Parties**

SWH views regulatory audits and reviews as an opportunity to confirm its ongoing compliance efforts are effective and successful. In cases where an audit outcome indicates SWH has not met a regulatory requirement, SWH will perform root cause

analysis and develop corrective action plans to address identified areas of non-compliance. SWH may also contract with external companies to perform compliance related reviews and assist with programmatic changes to help drive the organization's compliance.

SWH cooperates with federal agencies or external parties when audits are conducted and provides auditors access to information and records related to SWH's business processes and those of the FDRs.

The Compliance Department serves as the point of contact for all regulatory audits related to the Medicare Advantage, Part D and Medicaid programs, and coordinates auditor requests with all internal departments.

## **Responding to Detected Offenses, Developing Corrective Action Initiatives, and Reporting to Government Authorities**

SWH takes corrective actions whenever there is a confirmed incident of non-compliance.

SWH may identify the incident of non-compliance through a variety of sources, such as self-reporting channels, CMS audits, State Medicaid Audits, internal audits, hotline calls, external audits, or member complaints. Whenever SWH identifies an incident of misconduct, non-compliance or fraud, waste, or abuse, the Company takes prompt action to investigate the matter, determine root cause and outline effective corrective action.

The Compliance Officer (in conjunction with the Privacy Officer, SIU and other key staff) is responsible for reviewing cases of misconduct or non-compliance related to the Medicare and Medicaid programs, and, when applicable, for disclosing such incidents to CMS or the State. Because of the complex nature of some of the cases that may be involved, particularly fraud investigations, the Compliance Officer may delegate all or a portion of this responsibility to the appropriate internal expert, for example to the SIU for the detailed reporting to the MEDIC or law enforcement.

Any time an incident of non-compliance is discovered or a department's process or system results in non-compliance with CMS requirements, the operational area is required to submit a corrective action plan to the Compliance Department. Corrective action plans represent a commitment from the operational area to correct the identified issue in a timely manner. Corrective actions may include revising processes, updating policies or procedures, retraining staff, reviewing systems edits and other root causes. Corrective action plans must achieve sustained compliance with the overall CMS requirements for that specific operational department.

The status of open corrective action plans are reported to the Compliance Officer and the Compliance Committee. The Compliance Department monitors corrective action

plan implementation and requires that the business department regularly report the completion of all interim action steps. Once a corrective action plan is complete, the Compliance Department validates the corrective action plan by monitoring individual action items over a period of time to demonstrate sustained compliance was achieved and the corrective action plan was effective.

The Compliance Committee is charged with reviewing ongoing activity to ensure that corrective action plans being undertaken are timely and effective and to report ongoing non-compliance risks to senior management and the CEO.

SWH requires FDRs submit a corrective action plan when deficiencies are identified through oversight compliance audits, ongoing monitoring or self-reporting. SWH takes appropriate action against any contracted organization that does not comply with a corrective action plan or does not meet its regulatory obligations, up to and including termination of their agreement. FDRs delegated to perform specific administrative or SWH functions are bound contractually through written agreements with SWH that stipulate compliance with CMS requirements and provisions for removal of delegation or termination for failure to cure performance deficiencies.

Where appropriate, the Compliance Officer will report potential fraud, waste or abuse to CMS, the State or its designee, or law enforcement. The Compliance Officer should also report to and collaborate with other Medicare health plan sponsors, State Medicaid programs, Medicaid Fraud Control Units (“MCFUs”), commercial payers, and other organizations, where appropriate, when a potential fraud, waste, or abuse issue is discovered that involves one of these parties or multiple parties.