

CODE OF CONDUCT

PacificSource
PacificSource Health Plans
PacificSource Administrators, Inc.
PacificSource Community Health Plans
PacificSource Community Solutions, Inc.

December 20, 2016

A Message from Ken Provencher

Dear Colleague:

At PacificSource, its subsidiaries and affiliates (collectively, “PacificSource”), we are committed to our corporate mission to provide better health, better care, and better cost to the people and communities we serve. Our vision and company values support this mission, along with a number of dedicated employees and partners.

This Code of Conduct is an expression of our commitment to conduct ourselves and our businesses in a highly ethical manner and in compliance with federal and state laws, as well as our internal policies and procedures. We have a strong culture of compliance and have a robust, integrated Compliance and Fraud Waste and Abuse Program, which includes this Code of Conduct.

Please take some time to read this Code of Conduct document. It will help you understand your role and obligations as a PacificSource employee, PacificSource Board of Directors’ member, or as a first tier, downstream or related entity (“FDR”). For PacificSource personnel, please discuss any questions you have with your supervisor or PacificSource’s Corporate Compliance Officer. FDR’s may also contact the PacificSource Corporate Compliance Officer or other members of the Compliance Department with their questions.

Thank you for your attention and for your continued dedication to serving our members in the best and most ethical manner.

Sincerely,

Kenneth P. Provencher
President and Chief Executive Officer

The PacificSource Code of Conduct

This Code of Conduct articulates the PacificSource culture of compliance and ethical behavior. We expect and require that all members of the PacificSource community abide by the highest standards of integrity, including employees, non-employee committee members, Board members, subsidiaries and affiliates, and applicable vendors and business partners. Remember, it is everyone's responsibility to be compliant, regardless of job level.

Although this Code of Conduct does not cover every situation that may arise in the course of daily business, it provides general guidelines and directs you to seek additional information when it is needed. More specific guidance is provided in PacificSource's policies and procedures, as well as the Compliance and Fraud Waste and Abuse Program.

While there is no single standard that governs all situations, the use of available resources, good judgment and common sense combined with personal integrity and honesty is the best guide to assure that business activities are conducted with the highest ethical standards.

You are expected to represent PacificSource honestly and accurately.

You are expected to act with integrity.

You are expected to treat others with respect – whether a member, customer, co-worker, regulator, vendor, supplier or competitor.

Reporting Compliance and Fraud Waste and Abuse (“FWA”) Concerns

PacificSource maintains various lines of communication to ensure confidentiality in reporting. The communication channels are accessible to all. When you have a compliance or FWA issue, concern, or violation, you may report it through any of the following methods:

1. Report to your immediate supervisor.
2. Report to your manager.
3. Report to any member of the Executive Management Group.
4. Report to any member of the Human Resources Department.
5. Report directly to the Corporate Compliance Officer:
Wendy Carver
971-222-1003
Wendy.Carver@PacificSource.com
6. Report to the General Counsel:
Kristi Kernutt
541-225-1967
Kristi.Kernutt@PacificSource.com
7. Report to Associate General Counsel:

Sam Roberts
541-684-5214
Sam.Roberts@pacificsource.com

8. Report to the Internal Audit Manager:
Andy Duffield
541-225-2826
Andy.Duffield@PacificSource.com
9. Report anonymously to [EthicsPoint](#) 24 hours a day/7 days a week:
Phone: 1-888-265-4068
[EthicsPoint Online Reporting](#)
10. Contract Administration Unit (Medicaid business only)
Oregon Health Authority (OHA)
500 Summer Street NE, E-49
Salem, Oregon 97301

If you are a PacificSource vendor, in addition to any of the methods outlined above, you may report to your PacificSource contract administrator.

You have an obligation to report compliance and FWA concerns that you may have to the appropriate channel. You are also expected to assist in the investigation and resolution of these issues. Failure to do so may result in disciplinary actions, up to and including termination of employment or contract.

In addition, employees can request clarification on a regulatory or compliance question, or request an interpretation of the rule by contacting the Corporate Compliance Officer directly or any member of the Compliance Department, as well as the General Counsel or Associate General Counsel.

Please also refer to our [Reporting of Ethical or Legal Concerns policy](#).

Your Protections; Non-Retaliation

If you report a potential violation of this Code of Conduct, your report will be kept confidential as permitted by law and to the extent possible consistent with our obligation to investigate and resolve your report. If you report through EthicsPoint, you can choose to remain anonymous.

PacificSource has a strict policy prohibiting retaliating against an employee who makes a good faith report of a compliance or FWA issue. All employees are required to support both the letter and spirit of this commitment. Those who retaliate against an individual who makes a good faith effort to report a compliance or FWA issue will be subject to PacificSource's disciplinary policy.

If you suspect that you are being retaliated against for making a good faith report of a compliance or FWA issue, you may contact any person(s) listed in the reporting channels above. Your allegation of retaliation will be investigated by the appropriate personnel, and those who are found to have violated PacificSource's non-retaliation policy will be subject to the disciplinary policy.

Code of Conduct versus Employee Handbook

For PacificSource employees, when you review your Employee Handbook, some of what you read here will be familiar. The main difference between the two documents is that the Code of Conduct reflects our values and directs the manner in which we conduct our business. The Employee Handbook is more specific – it defines the rules for our actions and activities. For example, in the Code of Conduct, we talk about respect for co-workers and business colleagues. In the Employee Handbook, we detail our policies against discrimination and harassment.

Conflict of Interest

A conflict of interest is when employment or a relationship outside of PacificSource (or other activities) creates any actual, potential, or apparent conflict in your ability to do your job, and in particular your ability to make an objective decision that is in PacificSource's best interest. Simply put, any such activities and relationships are not allowed without disclosing the potential conflict and obtaining consent beforehand from PacificSource.

Examples of such conflicts of interest include, but are not limited to:

- Acting as a consultant, advisor, employee or independent contractor of/with a PacificSource competitor, customer or vendor.
- Owning any significant interest in any business or organization that does or seeks to do business with PacificSource.
- Using any company assets or resources for personal gain or advantage.
- Business dealings with relatives or close friends.
- Investments and financial interests in business partners.

If you face such a situation, discuss it with your Senior Leadership Team member. By signing the annual acknowledgement of this Code of Conduct, you attest that you are either free of any conflict of interest or that you have disclosed any potential conflict of interest to PacificSource. See more on conflict of interest and employment of relatives in the Employee Handbook.

Gifts; Hospitality; Entertainment

Our business transactions with vendors, suppliers, contractors, and other third parties must be free from influence and even the appearance of influence. In general, you cannot accept gifts and business courtesies unless the specific conditions identified in the Employee Handbook are met. Most important is that there are no strings attached.

Inducements

PacificSource does not allow employees to use any financial or other type of reward that could be seen as trying to induce: (1) potential beneficiaries to join PacificSource; (2) providers to deny or limit care; or (3) anyone to commit fraud, waste or abuse. The use of incentives, bribes, or kickbacks to induce such behavior is strictly prohibited.

Political Activity and Lobbying

PacificSource employees are free to participate in and contribute to political organizations or campaigns. You must, however, do so as an individual. You may not hold yourself out as a representative of PacificSource in any of these types of activities, nor may you get reimbursed by PacificSource for anything related to these activities.

PacificSource has many contacts and dealings with governmental bodies and officials. These contacts are related to specific job functions and are often focused on the oversight functions provided by such governmental bodies. In addition, we may analyze and take public positions on issues related to our operations. We focus on areas within our expertise and our efforts often consist of making recommendations concerning legislation or regulations being considered. These latter efforts are coordinated through our Government Relations department.

Confidentiality

We work in an industry that contains highly sensitive information – the confidentiality of which is highly regulated. Every PacificSource employee must be aware of what confidential and proprietary information is, and maintain the security of both company and member information according to the rules, regulations, and sub-regulatory guidance provided by the government (as well as other legal and ethical standards). Additional information is available to you in the Employee Handbook, as well as our HIPAA Policies & Procedures.

- **Confidential** means that it is not intended for public knowledge; it may cause harm to an individual or organization if that information becomes public knowledge.
- **Proprietary** means that it is related to or involves PacificSource. Other companies and individuals would also have proprietary information specific to them.
- **Protected Health Information or PHI** is our members' confidential and proprietary information.

PacificSource's confidential and proprietary information is non-public information that is created, recorded, or used in support of PacificSource business. It involves much of our daily work processes and outputs – including PacificSource's plans and strategies.

In general, you should communicate proprietary information with co-workers on a "need-to-know" basis. You should never discuss any confidential information in social situations and may only discuss confidential information in business conversations when there is a need for a co-worker or board member to know that information. For requests for information from persons outside PacificSource, follow your job-specific procedures and the PacificSource Policies & Procedures for requesting and granting confidential information.

PHI is highly sensitive information about our members and all employees have an obligation to protect it. Examples of PHI include member name, birth dates, social security numbers, addresses, and information about medical conditions or treatment. PacificSource's obligations, member rights, and actions we must take are described in detail in the HIPAA Policies & Procedures that are available to all employees on the PSWeb.

Training

Every year, PacificSource administers general compliance, FWA and HIPAA training to the entire organization. You are required to take these trainings within 90 days of being hired, and annually thereafter. The HIPAA (Health Insurance Portability and Accountability Act of 1996) training included information on these two important concepts:

- **Role-Based Access** means you have access to certain information depending on the tasks you perform at PacificSource. That same access may not be granted to your co-worker.
- **Minimum Necessary Requirement** means that you use or disclose only the information necessary to satisfy a particular purpose or carry out a particular function.

Dealing with an “Excluded Person or Entity”

An excluded person or entity is one that is not allowed to participate in Medicare, Medicaid, or any federal health care programs for any reason. Most commonly, these are individuals that have been found guilty of irregularities with billing or misrepresentation of credentials. PacificSource cannot, directly or indirectly, employ or contract with any excluded person or entity. PacificSource must ensure that no persons or entities contracted or affiliated with PacificSource are excluded. If a person or entity contracted with PacificSource becomes excluded, PacificSource must immediately stop reimbursing claims from such excluded providers and remove them from the PacificSource provider networks. Please see the policy on Exclusion and Background Check in the Compliance and FWA Program for more information.

The PacificSource Compliance and Fraud Waste and Abuse Program

PacificSource contracts with federal, state, and local government agencies to administer covered services for beneficiaries. We administer these services to beneficiaries in accordance with PacificSource’s contractual obligations and regulatory requirements as set forth by the governing federal, state, and local agencies. The PacificSource Compliance and Fraud Waste and Abuse Program helps ensure that PacificSource has systems and processes in place to be compliant with the laws, regulations, regulatory guidance, and contract provisions that we are required to follow. Everyone has a role to play in making our Compliance and FWA Program effective.

The 5 things you need to know about compliance:

1. We are all responsible for compliance and are obligated to report potential compliance issues.
2. If you don’t understand something, speak up!
3. If you suspect a compliance issue, report it.
4. All reports are investigated and treated confidentially.
5. Anyone who makes a report in good faith will be protected from retaliation and intimidation.

Your Responsibilities and Obligations

You are responsible for and obligated to help prevent, detect, and correct instances of potential non-compliance. To make sure we are able to recognize and properly handle potential issues of non-compliance, PacificSource is committed to:

- All employee compliance training.
- Job-specific training and education.
- Implementing our policies and procedures.
- Enforcing our standards through disciplinary actions, if necessary.
- Routine auditing and monitoring.
- Communicating on general and specific compliance topics.
- Reporting compliance activities to the Compliance Committee and the PacificSource Audit Committee, as necessary.
- Proactively monitoring performance in meeting regulatory standards, and self-disclosing non-compliance to federal and state regulators.

Potential Compliance Issues

Potential compliance issues exist when a business process or behavior does not follow or is inconsistent with this Code of Conduct, laws, regulations, sub-regulatory guidance, and/or PacificSource policies and procedures. You are responsible to be attentive to such potential compliance issues and to bring them to the attention of your supervisor or manager (for PacificSource employees), the Corporate Compliance Officer, or a member of the Compliance Department.

Fraud Waste and Abuse

Fraud, waste and abuse are special types of compliance issues. PacificSource is obligated to report any FWA issues we see in our day-to-day work. FWA can be committed by various entities, including but not limited to providers, producers, health plans, pharmacies, pharmacy benefit management companies, members, and even our fellow employees and fellow board members.

In addition, it is illegal to knowingly present, or cause to be presented, a false or fraudulent claim or statement to the government (the False Claims Act). False claims, fraud, dishonesty, or criminal conduct of any sort, on the part of any employee, officer, director, or anyone doing business with PacificSource will not be tolerated. For more information, please refer to the PacificSource's Compliance and Fraud Waste and Abuse Program.

- **Fraud** means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself/herself or some other person. It include any act that constitutes fraud under applicable federal or state law. Examples include double-billing, forging or altering prescriptions and billing for more expensive procedures than were actually performed.

- **Waste** means to use health care benefits or spend health care dollars in a careless or needless manner. Examples include duplicative, inappropriate or unnecessary tests and procedures; preventable hospital readmissions; and medical errors.
- **Abuse** means practices that are inconsistent with sound fiscal, business, or medical practices, and result in unnecessary costs to the Medicare, Medicaid, or PacificSource plans. Examples include reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care.

PacificSource conducts various anti-fraud activities, as overseen by the Compliance Committee. The purpose of this portion of the Compliance and FWA Program is to increase awareness about and improve the prevention, detection, investigation, and resolution of confirmed fraud, waste, and abuse. Every employee and Board member is trained on FWA when newly hired and must take a refresher course every year as part of the compliance-required trainings. Our vigilance in this area can help protect PacificSource and our members, and help maintain the overall quality and affordability of health care services.

Consequences of Non-Compliance

Failure to act with integrity or comply with applicable laws and regulations can have a severe adverse impact on PacificSource and its business. PacificSource will thoroughly research any allegation of potential non-compliance or fraud, waste, or abuse. If it is found that a PacificSource employee, FDR or board member is not meeting PacificSource's compliance expectations or is in violation of this Code of Conduct, appropriate action will be taken, including but not limited to disciplinary actions and reporting of the conduct to the appropriate regulatory agency or law enforcement.

Important Notice

This Code of Conduct is meant to be read in conjunction with the PacificSource Compliance and FWA Program, other policies and procedures, the Employee Handbook, and any other PacificSource manual, instructions and directions, as applicable.

Nothing in this Code of Conduct creates a contract between PacificSource and any employee or PacificSource and any other person, creates legally enforceable rights, or promises specific treatment in certain situations. Unless otherwise stated in a contract or other PacificSource directive, this Code of Conduct does not modify your at-will employment relationship or contractual relationship with PacificSource, as applicable.

PacificSource reserves the right to modify this Code of Conduct at any time it deems necessary or appropriate. The most current version of this Code of Conduct will be available on the PSWeb.

If you have any questions about this Code of Conduct, please contact your supervisor, manager, or a member of the Compliance Department.

Schedule

Effective Date	December 20, 2016
Approval Date	December 20, 2016
Revision Date	
Line(s) of Business	All
EMG Owners	Wendy Carver, Corporate Compliance Officer Ken Provencher, President and Chief Executive Officer
Board Review Date	December 20, 2016



BOARD POLICY

SECTION: Ethical Standards

NAME: Whistleblower Policy: Reporting of Ethical or Legal Concerns

Scope:

This policy applies to all PacificSource (“PacificSource”) employees and directors, including those leased to or employed by any PacificSource subsidiary or affiliated company, and part-time, temporary and contract employees.

This policy also applies to vendors and customers of PacificSource and its subsidiaries (collectively, “the Company”), including without limitation first tier, downstream, and related entities; members; and providers (collectively, “third parties”).

Purpose:

The Company is committed to the highest possible standards of ethical, moral, and legal business conduct. We foster a workplace conducive to open communication regarding our business practices and to protecting employees and third parties from unlawful retaliation and discrimination for their having properly disclosed or reported suspected illegal or unethical conduct. This policy is intended to provide multiple avenues for employees and third parties to raise concerns in a safe and, if appropriate, anonymous manner.

Reporting Responsibility:

It is the responsibility of all directors, officers, and employees to comply with this policy and to report violations or suspected violations in accordance with this policy.

Confidentiality:

Every effort will be made to protect the complainant’s identity. Please note that the information provided by you may be the basis of an internal and/or external investigation into the issue you are reporting and your anonymity will be protected to the extent possible.

The Company strongly encourages third parties to report violations or suspected violations in accordance with this policy.

Types of Issues That Must be Reported:

This policy is intended to cover concerns that could have an impact on the Company, such as actions that:

- Are unlawful;
- May lead to incorrect financial reporting;
- Are not in line with company policy; or
- Otherwise amount to serious improper conduct.

Reporting Process:

Employees and third parties may report a concern in one of several ways, including:

- Employees may report to their immediate supervisor or manager; third parties may file a report with the manager of the department with whom they regularly interact.
- Employees and third parties may report to any member of the Executive Management Group.
- Employees may report to any member of the Human Resources Department.
- Employees and third parties may report to the Company's Vice President of Legal and Compliance (General Counsel), Associate General Counsel, Internal Audit Manager, and Corporate Compliance Officer. If the matter relates to the HIPAA regulations, the Company has designated an EMG member and a manager to oversee the Company's compliance (please refer to the HIPAA section [\[Link\]](#) of the PSWeb).
 - General Counsel – 541-225-1967; legalnotices@pacificsource.com
 - Associate General Counsel – 541-225-2727; legalnotices@pacificsource.com
 - Internal Audit Manager – 541-225-2826; andy.duffield@pacificsource.com
 - Corporate Compliance Officer – 971-222-1003; wendy.carver@pacificsource.com
- Employees and third parties may report to an external vendor retained by the Company to allow for anonymous reports on a 24 hours a day/7 days a week basis. Reports may be made via a toll-free hotline, email, internet, or fax. [\[Secure Report\]](#)

Reporting Protocols:

Reports should include enough information to allow for either an internal or external investigation of the situation, including the following:

- A description of the situation;
- The department or business unit involved;
- Names of the individuals involved, if known;
- The date(s) when the event or incident occurred; and
- Whether the situation is a one-time incident or recurring event, if known.

Access; Publicity:

This policy will be posted on the Company's internal website. Appropriate portions of the policy will also be posted on the Company's public website. In addition, contact information for the different methods of reporting will be available on both the Company's internal and public websites. The Company will communicate the policy and facilitate reporting as necessary and appropriate to accomplish the purpose of this policy.

Collection of Reports:

This policy and information regarding problem resolution resources shall be provided to all employees and made generally available through our website and/or intranet. The Company has designated: (a) an independent company engaged to administer our Compliance and Fraud Hotline; (b) the Internal Audit Manager, General Counsel, and Corporate Compliance Officer as the recipients of all the reports filed under this policy; and (c) the Internal Audit Manager, General Counsel, and Corporate Compliance Officer to coordinate any necessary Company action.

Treatment of Reports:

All Reports will be taken seriously and addressed promptly, discreetly and professionally. Discussions and documentation regarding reports will be kept in strict confidence to the extent appropriate or permitted by policy or law. Should the person submitting the report identify himself or herself, the recipient of the report will communicate to that person the steps to be taken to address the report and the results of any Company actions initiated (subject to any legal constraints).

Audit Committee Review of Reports:

The Internal Audit Manager, General Counsel, or Corporate Compliance Officer, or appropriate combination thereof, will immediately investigate and take any action he or she believes is necessary or appropriate in response to any matter raised in any report made under this policy.

A summary of reports received under this policy will be communicated to the Audit Committee on a quarterly basis (or a more frequent basis should conditions warrant more timely action).

Retention:

Reports filed under this policy will be controlled and documented by the Internal Audit Manager, who shall maintain all related documentation for an appropriate period of time. All related documentation shall be maintained in secured files to which only the independent entity engaged by the Company, the Internal Audit Manager, General Counsel, Corporate Compliance Officer, and the Audit Committee members shall have full access.

No Retaliation:

No director, officer, employee, or third party who in good faith files a report or voices a concern shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This policy is intended to encourage and enable employees and third parties to raise serious concerns within the Company prior to seeking resolution outside the Company. Any employee, director, officer or third party who feels that he or she has been subjected to any behavior that violates this policy should immediately report such behavior to his or her supervisor, Human Resources, the General Counsel, the Internal Auditor, or Corporate Compliance Officer. To the extent not already outlined herein, employees also have the protection provided under 41 USC §4712, which is a pilot program for enhanced protections from reprisals for disclosure of certain information.

Acting in Good Faith:

Anyone filing a complaint concerning a violation or suspected violation of the policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the policy.

The Company reserves the right to modify or amend this policy at any time as it may deem necessary.

Approved by the Audit and Compliance Committee on: December 20, 2016