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COMPLIANCE PLAN

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I. INTRODUCTION

Santa Barbara San Luis Obispo Regional Health Authority, (d/b/a CenCal Health), hereafter referenced to a "CenCal Health," is committed to a culture of compliance, and to conducting its business operations in compliance with all regulatory and contractual obligations while also delivering high quality and accessible health care services to its members. CenCal Health is committed to complying with all applicable Federal and State standards.

The CenCal Health Compliance Plan, (hereafter referenced to as "the Compliance Plan") consists of the CenCal Health Compliance Program and Code of Conduct. The Compliance Plan demonstrates the organization's commitment to adhering to all regulatory and contractual requirements, promoting the value and importance of legal and ethical behavior, and reducing the prospect of wrongdoing at CenCal Health and within the provider network.

CenCal Health Compliance Program

The CenCal Health Compliance Program supports the organization's mission, vision, and values and is founded on the following seven (7) elements of an effective compliance program as outlined by the U.S Department of Health and Human Services' Office of Inspector General (OIG), and the Centers for Medicare & Medicaid Services (CMS)¹.

- Designating a Chief Compliance Officer, Compliance Committee, and high-level oversight
- Implementing written policies, procedures, and Code of Conduct
- Conducting effective training and education of employees
- Promoting effective lines of communication
- Enforcing well publicized disciplinary standards
- Implementing effective system for routine monitoring, auditing, and identification of compliance risks
- Responding promptly to detected offenses and compliance issues

CenCal Health's Compliance Program also includes oversight and monitoring of internal operations, external business partners, and delegated entities. The Compliance Program acts independently of any other operational and program areas without fear of repercussions for uncovering deficiencies or noncompliance.

Compliance Program policies and procedures are approved by the California Department of Health Care Services (DHCS) to ensure Subcontractors, Downstream Subcontractors, First Tier Entities, and Downstream Entities (hereafter collectively

¹ 42 Code of Federal Regulations (CFR) § 422.503(b)(4)(vi); Medicare Managed Care Manual Chapter 21 Compliance Program Guidelines

referenced as "Contractors") and Network Providers fully comply with all applicable terms and conditions and duties delegated to them through their contract with CenCal Health.

For a Compliance Program to be effective, adequate resources should be devoted to promoting, enforcing, and implementing this Compliance Plan, the seven (7) elements of an effective Compliance Program, and Code of Conduct. An organization's size, structure, business model, activities, extent of its delegation of responsibilities to other entities, the breadth of its operation, and the risks it faces should be considered in evaluating whether adequate resources have been devoted to the Compliance Program.

CenCal Health Code of Conduct

CenCal Health's Code of Conduct supports the organization's commitment to integrity and ethical business conduct. The Code of Conduct is included as part of the Compliance Plan. CenCal Health staff are required to review and attest to the Code of Conduct annually.

Compliance Plan and Code of Conduct Annual Review

CenCal Health's Compliance Plan is reviewed and updated annually to include any changes in State or Federal regulations and to address the continually evolving nature of health plan needs and operations. Any updates to the Compliance Plan or Code of Conduct are reviewed and approved by the Compliance Committee and CenCal Health Board of Directors routinely and not less than annually.

Committee charters included as part of this Compliance Plan may be revised and approved by the individual committee at any time during the year. Committee charter updates will be included as part of the annual Compliance Plan review and approval by the CenCal Health Board of Directors.

Compliance Plan Applicability

The Compliance Plan applies to Medi-Cal, Medicare Advantage, and Medicare Prescription Drug (Part D) programs; and to all employees, temporary employees, interns, volunteers, Network Providers, and Contractors that provide services to, or on behalf of CenCal Health. The Compliance Plan itself does not replace other CenCal Health policies and procedures.

Compliance Plan Availability

A copy of the Compliance Plan is available on the CenCal Health intranet, CenCal Central and available on CenCal Health's website:

[<https://www.cencalhealth.org/>]

II. GOALS AND OBJECTIVES

The CenCal Health Compliance Plan's goals and objectives are to ensure compliance with regulatory and contractual requirements, mitigate risks, and maintain ethical conduct in its administration of the Medi-Cal, Medicare Advantage Prescription Drug (MAPD or MA-PD), and D-SNP programs in Santa Barbara and San Luis Obispo Counties.

The Compliance Plan strives to accomplish the following:

- Promote a culture of compliance and ethical conduct
- Ensure and maintain compliance with all applicable Federal and State laws, rules, and regulations
- Mitigate risks through prevention, detection, and resolution of conduct that does not conform to CenCal Health standards and policies, applicable law, and health care program requirements
- Promote and maintain a commitment to high ethical, legal, and quality of care standards
- Articulate measures designed to prevent, detect, and correct fraud, waste, and abuse (FWA) and non-compliance with Medi-Cal and MA-PD program requirements
- Monitor and oversee Contractors performing obligations on behalf of CenCal Health
- Ensure the CEO and senior management are engaged in the Compliance program and recognize the importance of the Compliance Program in CenCal Health's success

III. THE COMPLIANCE PROGRAM

A. DESIGNATING A CHIEF COMPLIANCE OFFICER, COMPLIANCE COMMITTEE, AND HIGH-LEVEL OVERSIGHT

1. CenCal Health Board of Directors

The Board of Directors exercises reasonable oversight over the implementation and effectiveness of CenCal Health's Compliance Program by:

- Remaining knowledgeable about the content and operation of the Compliance Program
- Delegating compliance responsibilities to the Board Compliance and Oversight Committee including oversight with respect to the implementation and effectiveness of the compliance program
- Approving the Code of Conduct and the Compliance Plan
- Understanding the Compliance Program structure and operation through training and education
- Making further inquiry and taking appropriate action to ensure compliance issues reported to the Board of Directors are resolved

The Chief Compliance Officer provides at least quarterly reports to the Board of Directors on the activities and status of the Compliance Program, including issues on non-compliance identified, investigated, and resolved.

2. Board Compliance and Oversight Committee

CenCal Health's Board of Directors has delegated compliance responsibilities to the Board Compliance and Oversight Committee (BCOC) but as a whole remains accountable for reviewing the status of the Compliance Program.

The BCOC reviews and oversees CenCal Health's Compliance Program, compliance with Federal and State health care program requirements, and performance of the Chief Compliance Officer through the following:

- Understanding the Compliance Program structure and operation
- Remaining informed about the compliance program outcomes, including results of internal and external audits
- Remaining informed about governmental compliance enforcement activity such as Notices of Non-Compliance, Warning Letters and/or more formal sanctions
- Receiving quarterly updates from the Chief Compliance Officer

- Reviewing the results of performance and effectiveness assessments of the compliance program

The BCOC receives quarterly reports from the Chief Compliance Officer regarding the activities and status of CenCal Health's Compliance Program, including any issues of program non-compliance or FWA identified, investigated, and resolved. The BCOC serves to advise the Chief Compliance Officer and when compliance issues are reported to the BCOC it should make further inquiry and take appropriate action to ensure the issues are resolved.

The BCOC makes quarterly reports and presents recommendations to the Board of Directors regarding CenCal Health's Compliance Program and related subject matter, including but not limited to oversight of regulatory findings and concerns of areas of non-compliance related to the CenCal Health's operations or its Contractors. The BCOC is chaired by a CenCal Health board member and meets quarterly.

The BCOC Charter is included as Attachment A.

3. Compliance Committee

The Compliance Committee is made up of CenCal Health executive and senior level departmental leaders. The Compliance Committee is responsible for the development and oversight of a comprehensive Compliance Program that includes approval of organizational policies and procedures.

The Chief Compliance Officer serves as chairperson and makes regular reports to the Compliance Committee. The Compliance Committee is responsible for advising the Chief Compliance Officer in implementing, monitoring, and coordinating compliance activities that are necessary and appropriate to carry out an effective Compliance Program. Furthermore, the Compliance Committee is responsible for strategic guidance; reviewing policies and procedures and required annual trainings; and implementation and oversight of the risk assessment and audit workplan.

The Compliance Committee meets quarterly or more frequently, as needed, to enable reasonable oversight activities of the Compliance Program, such as policy review and approval, and implementation and monitoring of corrective actions. The Compliance Committee must maintain the confidentiality of compliance matters brought before it, consistent with applicable laws, regulations, and CenCal Health policies.

The Compliance Committee Charter is included in the Compliance Plan as Attachment B.

4. Delegation Oversight Committee (DOC)

The Delegation Oversight Committee (DOC) reports to the Compliance Committee. The DOC refers matters as necessary, for consideration by the Compliance Committee.

The DOC Charter is included in the Compliance Plan as Attachment C.

5. Anti-Fraud Committee (AFC)

The Anti-Fraud Committee (AFC) reports to the Compliance Committee. The AFC refers matters as necessary, for consideration by the Compliance Committee.

The AFC Charter is included in the Compliance Plan as Attachment D.

6. Chief Compliance Officer

The Chief Compliance Officer is a CenCal Health employee and holds a full-time executive level independent position at CenCal Health and reports directly to the Chief Executive Officer (CEO) and Board of Directors. The Chief Compliance Officer receives training in compliance issues, program requirements, and policies and procedures at least annually.

The Chief Compliance Officer is responsible for ensuring compliance with regulatory and contractual requirements and standards. The Chief Compliance Officer is responsible for the oversight, coordination, and implementation of the CenCal Health Compliance Plan and Compliance Program.

The Chief Compliance Officer defines the program structure, educational requirements, reporting, and complaint mechanisms, response and correction procedures, and compliance expectations of all employees and Contractors.

The Chief Compliance Officer is also responsible for developing and implementing policies and procedures designed to ensure compliance with

the requirements and standards under the Medi-Cal managed care contract, State Medicaid Agency Contract (SMAC), CMS contract, and Federal and State health care program requirements.

The Chief Compliance Officer shall oversee the development and monitoring of the implementation of corrective action plans; and coordinate potential fraud investigations/referrals with the SIU, where applicable, and the appropriate NBI MEDIC. This includes facilitating any documentation or procedural requests that the NBI MEDIC makes of the sponsor.

The CEO receives periodic reports from the Chief Compliance Officer of risk areas facing the organization, the strategies being implemented to address them and the results of those strategies. The CEO is also advised of all governmental compliance enforcement activity, from Notices of Non-compliance to formal enforcement actions.

The Chief Compliance Officer has a direct line of communication to the Board of Directors regarding compliance related issues, provides monthly or bimonthly reports to the Board, and quarterly reports on behalf of the BCOC on the activities and status of the compliance program, including issues identified, investigated, and resolved by the compliance program. The Chief Compliance may also report to the Board of Directors on an as needed basis or as directed by the CEO.

B. IMPLEMENTING WRITTEN POLICIES, PROCEDURES, AND CODE OF CONDUCT

1. Written Policies and Procedures

Implementation of written policies, procedures, and the Code of Conduct is foundational to an effective Compliance Program. Policies and procedures document the organization's regulatory and contractual requirements and what processes are implemented to ensure compliance with those requirements.

CenCal Health's policies and procedures, shall:

- Articulate the commitment to comply with all applicable Federal and State standards
- Describe compliance expectations as embodied in the Code of Conduct
- Implement the operation of the compliance program
- Provide guidance to employees and others on dealing with suspected, detected or reported compliance issues
- Identify how to communicate compliance issues to appropriate compliance personnel

- Describe how suspected, detected or reported compliance issues are investigated and resolved
- 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, such as CMS and DHCS.
- Outline compliant action and articulate the importance of implementation and enforcement of requirements
- Articulate how CenCal Health will ensure all Network Providers and Contractors comply with all applicable terms and conditions of the Medi-Cal managed care contract and the MA-PD contract, as applicable
- Be reviewed at least annually and updates to the policies and procedures shall incorporate changes in applicable laws, regulations, and other program requirements

CenCal Health maintains an online policy library where all employees have access to active policies and procedures. The Regulatory Compliance Department maintains policy administrator(s) who assist departments to develop, prepare, store, and retrieve CenCal Health policies. To ensure understanding of the requirements, CenCal Health provides notice and training of the new and revised policies and procedures.

Ensuring policies and procedures remain current is vital to the success of the Compliance Program. The Compliance Committee is the body that ensures organizational policies and procedures remain current with the most up-to-date Federal and State rules, regulations, and contract amendments. The Compliance Committee meets quarterly, at minimum, and ensures all policies are reviewed, revised as needed, and approved annually.

2. Code of Conduct

The CenCal Health Board of Directors has adopted the Code of Conduct (the Code) with respect to business conduct and practices governing CenCal Health's affairs. The Code promotes legal, ethical, and moral behavior meant to support integrity in all organizational actions. Employees are required to adhere to the Code at all times while conducting CenCal Health business. CenCal Health distributes a copy of the Code to the Board of Directors, employees, interns, volunteers, Network Providers, and Contractors upon appointment, hire, or contract, and annually thereafter.

All employees are required to certify within 90 days of hire and annually thereafter, their receipt, understanding, and commitment to comply with the

Code. CenCal Health is required to discuss the Code with Network Providers and Contractors under their immediate supervision. Contractors are required to confirm their knowledge and understanding of the Code during and after the contract negotiation process and should encourage dissemination of the Code to their employees, agents, and Subcontractors.

The Code of Conduct is included in Section IV of this Compliance Plan.

C. CONDUCTING EFFECTIVE TRAINING AND EDUCATION OF EMPLOYEES

1. CenCal Health Trainings

CenCal Health provides general and specialized training and education to employees, including the CEO, senior leaders, Board of Directors, and Contractors that promote and verify their understanding of CenCal Health's Compliance Plan, Compliance Program, Code of Conduct, CenCal Health policies and procedures, applicable terms and conditions of CenCal Health's Medi-Cal managed care and MA-PD contracts, FWA, HIPAA Privacy Rule and Security Rule, and Federal and State program requirements as related to an employee's job function.

CenCal Health reviews and updates, as necessary, the general compliance training whenever there are material changes in regulations, policy or guidance, and at least annually.

The Chief Compliance Officer, working with Compliance staff, develops and continuously updates compliance training modules, which include.

- The Code of Conduct
- Healthcare Fraud, Waste and Abuse (FWA)
- HIPAA Privacy and Security
- Conflict of Interest
- Cyber Security
- Board of Directors training
- How to report suspected or detected noncompliance or potential FWA confidentially and anonymously
- Non-retaliation policy

The Compliance Department will ensure all employees (full-time, temporary, or volunteer), including the Chief Executive Officer and other senior leaders, complete all required training within 90 days of initial hire and annually thereafter. Staff who fail to complete new-hire or annual training are referred to their supervisor or department director to assist with completion. Staff who continuously fail to meet training requirements are referred to the People Operations Department for further action, as needed. CenCal Health's

Compliance Committee reviews and approves the training plan annually and updates, as necessary.

The CenCal Health Board of Directors shall complete all required training within 90 days of start and annually.

Compliance training may be provided through live classroom training (in person or virtual), online training modules, at Board meetings, or attestations that employees or Board members have read and received the sponsor's Standards of Conduct and/or compliance policies and procedures.

2. Tracking of Training Completion

The Compliance Department tracks, documents, and maintains records of completion of training requirements through training records, documents, and materials; sign-in sheets; attestations; and electronic certifications. Training documentation is stored for at least ten (10) years, as required by California law and MA-PD regulatory requirements.

D. PROMOTING EFFECTIVE LINES OF COMMUNICATION

1. CenCal Health maintains effective lines of communication between the Chief Compliance Officer, Compliance Committee, employees, Board of Directors, Network Providers, and Contractors regarding changes in laws, regulations and sub-regulatory guidance ,as well as changes to CenCal Health's Code of Conduct and compliance policies and procedures. The dissemination of information will be made within a reasonable time and to all appropriate parties.
2. CenCal Health strives to foster an environment where employees, Board Members, Network Providers, Contractors, and Members feel comfortable reporting any instances of non-compliance or suspected Fraud, Waste and Abuse (FWA). CenCal Health maintains a non-retaliation policy, which allows individuals to make good faith reports against any person or action without repercussion or fear of retaliation. Those who retaliate against an individual who makes a good-faith effort to report a compliance issue will be subject to disciplinary action, up to and including termination.
3. CenCal Health has a system in place to receive, record, respond to and track compliance questions or reports of suspected or detected

noncompliance or potential FWA from employees, Board members, Members, and FDRs and their employees.

4. Compliance Hotline

CenCal Health supports good faith anonymous and confidential reporting through a variety of reporting channels accessible to all employees, managers, Board of Directors, Members, Network Providers, Contractors, and the public. These reporting channels are communicated through various mechanisms including publicly through the CenCal Health internet site; internally through the Compliance space of the CenCal Health intranet site, the Member Evidence of Coverage and Explanation of Benefits, and Member and Provider newsletters.

Any person may report a compliance or FWA matter through any of the following methods:

- **Compliance Hotline:** 1-866-775-3944 (anonymous option and 24/7)
- **E-mail:** fwateam@cencalhealth.org
- **Mail:** CenCal Health
Attn: Compliance Investigator
4050 Calle Real
Santa Barbara, CA 93110
- **The Compliance Alert Line:**
<https://cencalhealth.alertline.com/gcs/overview>
- **The CenCal Health website:**
<https://www.cencalhealth.org/providers/suspect-fraud/>

Upon receipt of a report of non-compliance or potential FWA, the Compliance Department will immediately open a case to investigate the report. Confirmed allegations of FWA are reported to appropriate regulatory or law enforcement. All compliance investigations will be conducted confidentially to the extent permissible by law and circumstances.

E. ENFORCING WELL PUBLICIZED DISCIPLINARY STANDARDS

1. Each employee has access to the Compliance Plan, Code of Conduct, Employee Handbook, and CenCal Health policies and procedures through the CenCal Health intranet site, CenCal Central. It is the responsibility of each employee to read, understand, and abide by the Code.
2. A copy of the Compliance Plan and Code of Conduct are provided to employees, Board members, and FDRs at the time of hire or contracting, and annually thereafter. A copy of the Employee Handbook is provided to

employees at hire and on CenCal Central.

3. Employees have the duty to report any situation and/or circumstance for which they have a good faith belief of suspected or actual unethical, non-compliant, or illegal conduct, and to assist in the investigation and resolution activities as requested.
4. CenCal Health's Employee Handbook includes policies and procedures regarding disciplinary action and its purpose to correct the problem, prevent recurrence, and prepare the employee for satisfactory conduct and performance in the future.
5. The Employee Handbook includes detailed information on disciplinary standards, examples of violative conduct, and that disciplinary action must be appropriate to the seriousness of the violation. When non-compliance or unethical behavior is determined, disciplinary action will be enforced in a timely, consistent, and effective manner and may include counseling, verbal or written warnings, demotion, suspension, and/or termination.
6. CenCal Health shall maintain for a period of ten (10) years records for all compliance violation disciplinary actions, capturing the date the violation was reported, a description of the violation, date of investigation, summary of findings, disciplinary action taken and the date it was taken. This applies to all forms of non-compliance, unethical, and illegal behavior.
7. CenCal Health may periodically review records of discipline to ensure that disciplinary actions are appropriate to the seriousness of the violation, fairly and consistently administered, and imposed within a reasonable timeframe

F. IMPLEMENTING EFFECTIVE SYSTEM FOR ROUTINE MONITORING, AUDITING, AND IDENTIFICATION OF COMPLIANCE RISKS

1. Routine Monitoring and Auditing

CenCal Health develops and maintains effective systems for routine auditing and monitoring to assess and confirm compliance with Medi-Cal and Medicare regulations, sub-regulatory guidance, contractual agreements, applicable Federal and State laws, program requirements, CenCal Health policies and procedures, and overall effectiveness of the Compliance Program, and to identify and mitigate compliance risks.

CenCal Health conducts routine auditing and monitoring through the following activities:

- Facilitating, supporting, and evaluating reported results of regular monitoring of functions by their respective business owners.
- Identifying and documenting compliance risks through the Annual Risk Assessment process.
- Prioritizing areas of risk for review.
- Developing and conducting an Annual Audit Workplan.
- Conducting internal audits of functions to identify gaps and opportunities to mitigate risk.
- Conducting independent external mock audits by a third-party.
- Conducting audits of FDRs to assess compliance with delegated duties.
- Conducting announced or unannounced audits.
- Conducting desk, remote, or in-person audits.
- Developing methods and monitoring tools to assess activities for compliance, this includes trending compliance activity to assess patterns and variations.
- Routine and periodic reporting of internal and external auditing and monitoring activity to the Compliance Committee and Board Compliance and Oversight Committee.

CenCal Health's ongoing monitoring and auditing is reflective of its size, organization, risks, and resources to assess performance in, at a minimum, areas identified as being at risk. CenCal Health devotes resources to the audit function considering factors such as size and scope of its Medi-Cal, and Medicare Part C and D programs, its compliance history, current compliance risks, and the amount of resources necessary to meet the goals of its annual work plan.

Auditors must be knowledgeable about CMS and DHCS operational requirements for the areas under review. Auditors are independent and do not engage in self-policing. Operations staff may assist in audit activities provided the assistance is compatible with the independence of the audit function. Auditors have access to the relevant personnel, information, records and areas of operation under review, at both the plan and FDR level.

The Board Compliance and Oversight Committee and the Compliance Committee oversee internal auditing and monitoring activities at CenCal Health.

2. Annual Risk Assessment

CenCal Health conducts an Annual Risk Assessment to evaluate risks associated with CenCal Health's participation in Federal and State health care programs, including but not limited to, compliance risks associated with

the submission of claims for items and services furnished to Medicaid and Medicare program beneficiaries and Anti-Kickback statute risks.

The Annual Risk Assessment takes into account all Medi-Cal and Medicare business operational areas and assesses each operational area for the types and levels of risks it presents to the Medi-Cal and Medicare program. CenCal Health should consider the following factors when determining the risks associated with each operational area: size of department, complexity of work, amount of training that has taken place, past compliance issues, and budget.

The Annual Risk Assessment requires CenCal Health to:

- Identify compliance risks associated with the Medi-Cal and MA-PD program requirements,
- Evaluate and score risks based on severity and likelihood,
- Prioritize risks based on risk scores,
- Choose risk areas of focus for the year based on prioritization,
- Develop an annual audit workplan for the identified risk areas of focus,
- Implement the annual audit workplan,
- Develop compliance actions (up to and including corrective action plans) to mitigate risks, as needed, and
- Track the implementation of the audit workplan and assess the effectiveness of the compliance actions, including any corrective action plans.

The Annual Risk Assessment process includes analysis of routine internal monitoring and audit results, internal controls, recent regulatory audit results, review of government enforcement priorities, risk scoring, evaluation of emerging areas of business and associated risks, and discussion with management and executive leadership to identify areas of risk within the organization.

The Annual Risk Assessment results in an updated Risk Inventory, whereby identified high-priority items are included as part of the proposed Annual Audit Workplan. The Risk Inventory may be updated with changes in the law, regulations, CMS and DHCS requirements, and operational matters.

3. Annual Audit Workplan

The Chief Compliance Officer oversees the development and implementation of the Annual Audit Workplan. The Annual Audit Workplan is developed based on the results of the Annual Risk Assessment and prioritized areas of risk. The Annual Audit Workplan independently assesses risks, controls,

and CenCal Health's compliance with established policies, procedures, and regulations.

Included in the audit workplan is a process for responding to all monitoring and auditing results and conducting follow-up reviews of areas found to be non-compliant to determine if the implemented corrective actions have fully addressed the underlying problems. Corrective action and follow-up is overseen by the Chief Compliance Officer and conducted by the Audits, Monitoring, and Oversight Department (AMO) and the Fraud Prevention Office. Follow-up action may include reporting findings to DHCS, CMS, NBI MEDIC, or other government agencies, as appropriate.

The Compliance Committee approves and is responsible for oversight of the Annual Risk Assessment and Audit Workplan process. AMO is responsible for the implementation of the Annual Risk Assessment and Audit Workplan process including the maintenance of the Risk Inventory. AMO provides the Chief Compliance Officer with regular reports of the results of the Audit Workplan, auditing and monitoring, and the status and effectiveness of corrective actions taken.

The Chief Compliance Officer and AMO provide updates on the Audit Workplan, monitoring and auditing results, and corrective actions taken to the Compliance Committee, the CEO, senior leadership, BCOC, and the Board of Directors.

4. Audit Schedule and Methodology

The Annual Audit Workplan includes the audits to be performed in the calendar year, audit schedule by quarter, audit methodology, necessary resources, types of audit (desk, remote, or onsite), departments and person(s) responsible, timeline for final audit report, and follow up activities from findings.

The audit methodology utilizes the following appropriate methods to: select operational areas, FDRs, facilities, pharmacies, providers, claims, and other areas for audit; determine appropriate sample size; extrapolate audit findings using statistically valid methods that comply with generally accepted auditing standards to the full universe; and apply targeted or stratified sampling methods driven by data mining and complaint monitoring

CenCal Health uses special targeted techniques based on aberrant behavior and assesses compliance with internal processes and procedures.

5. Audit of the Compliance Program

CenCal Health examines and audits the performance and effectiveness of the Compliance Program, including a review of training, reporting mechanisms (e.g., hotline log), investigation files, OIG/GSA exclusion list screenings, evidence of employee receipt of the Code of Conduct, conflict of interest disclosures or attestations, and sampling for evidence in support of attestations.

The Compliance Program audit results are shared with the CenCal Health Board of Directors. Audits of the Compliance Program should occur at least annually and be performed by external third-party auditors. The Chief Compliance Officer may also administer fewer formal measures of compliance program effectiveness.

6. Monitoring and Auditing FDRs

CenCal Health monitors and audits the delegated services or functions performed by its First Tier Entities or Subcontractors to ensure they are in compliance with all applicable laws and regulations, and to ensure the First Tier Entities or Subcontractors are monitoring the compliance of the entities with which they contract (e.g., Downstream Entities or Downstream Subcontractors). CenCal Health also monitors the delegated services or functions performed by any related entities to ensure those entities are compliant with all applicable laws and regulations.

CenCal Health includes in its audit workplan the number of First Tier Entities that will be audited each year and how the entities will be identified for auditing. CenCal Health conducts specific monitoring of the delegated services or functions performed by First Tier Entities to ensure they fulfill the compliance program requirements and includes an evaluation to confirm that the First Tier Entities are applying appropriate compliance program requirements to downstream entities with which the First Tier Entity contracts.

7. External Regulatory Audits

CenCal Health maintains DHCS and CMS contracts and a Knox-Keene license governed by the Department of Managed Healthcare (DMHC). As such, it is subject to annual or ad hoc audits to evaluate and assess CenCal Health's and its FDRs' or Subcontractors' compliance with contractual and

regulatory requirements of Federal and State health care programs.

DHCS annually audits CenCal Health for compliance with contractual and regulatory requirements. During the DHCS annual medical audit, state auditors evaluate CenCal Health's compliance with contractual obligations, State and Federal laws, and other rules governing the Medi-Cal program. DHCS also engages a third party auditor to annually conduct various subject matter-specific audits; these audits include, but are not limited to, a network adequacy validation audit and an encounter data validation audit.

The Department of Managed Healthcare (DMHC) conducts its evaluation and audit of CenCal Health's financials every three to five years. The DMHC Financial Audit evaluates compliance with the Knox-Keene Act, measures fiscal health, and assesses administrative structure and capacity.

CMS utilizes multiple mechanisms to audit and monitor Medicare Advantage and Part D plans including, but not limited to Program Audits, Industry-Wide Part C Timeliness Monitoring, Part C and D Data Validation Audits, Risk Adjustment Data Validation, One-Third Financial Audits, Triennial Provider Network Adequacy Audits, Call Center Timeliness, and Adequacy and Accuracy Monitoring.

CenCal Health allows access to any auditor acting on behalf of the federal government or CMS to conduct an on-site audit, including any information needed to determine compliance with the Medicare Parts C and D regulations and contracts, and interviews of staff.

G. RESPONDING PROMPTLY TO DETECTED OFFENSES AND COMPLIANCE ISSUES

1. The Chief Compliance Officer oversees and maintains a system to promptly respond to compliance issues or unethical behavior as they are raised, investigating potential compliance problems as identified in the course of self-evaluations and audits, correcting such problems promptly and thoroughly to reduce the potential for recurrence, and ensuring ongoing compliance with CMS, DHCS, and DMHC requirements.
2. If CenCal Health discovers evidence of misconduct related to payment or delivery of items or services under its Medi-Cal or Medicare contracts, it must conduct a timely, reasonable inquiry into that conduct.
3. Program non-compliance and Fraud, Waste and Abuse (FWA) may occur at the level of the Plan or its First Tier, Downstream, or Related Entities (FDRs) or delegates. It may be discovered through a hotline, a website, a Member or

Provider complaint, during routine monitoring or self-evaluation, an audit, or by regulatory authorities.

4. Prompt and Reasonable Inquiry

Upon receiving notice of a potential compliance issue involving Medicare program non-compliance or potential FWA, the Chief Compliance Officer or designee creates a record of the report and promptly begins a reasonable inquiry into the merits of the referral. The Chief Compliance Officer or their designee reviews relevant documents, data, policies and procedures, and interviews relevant parties as reasonably appropriate. All investigations and relevant documentation are tracked and stored internally to ensure timely, well-documented, and appropriate completion.

The Chief Compliance Officer should have the flexibility to design and coordinate internal investigations, including coordination with the SIU or audit department, and the development of appropriate corrective or disciplinary actions, as necessary.

5. Corrective Actions

The Chief Compliance Officer oversees appropriate corrective actions (e.g., repayment of overpayments and disciplinary actions against responsible individuals) in response to credible evidence of misconduct related to payment or delivery of items or services under CenCal Health's Medi-Cal or Medicare contracts.

Corrective actions are designed to correct the underlying problem that results in program violations and to prevent future noncompliance. A root cause analysis determines what caused or allowed the FWA, problem or deficiency to occur. A corrective action is tailored to address the particular FWA, problem or deficiency identified and includes timeframes for specific achievements.

The elements of the corrective action that address non-compliance or FWA committed by employee(s) or FDRs are documented and include ramifications should the employee(s) or FDRs fail to satisfactorily implement the corrective action. CenCal Health enforces effective correction through disciplinary measures, including employment or contract termination, if warranted. CenCal Health ensures FDRs have corrected their deficiencies.

6. Potential fraud or misconduct may be reported to the appropriate regulatory agencies or law enforcement depending on the nature of the referral or

outcome of the investigation. This includes voluntarily self-reporting of potential fraud or misconduct related to the Medicare program to CMS or its designee. Recommendations may be made internally depending on the nature and severity of the referral.

7. Self-Reporting Potential FWA and Significant Non-Compliance

Self-reporting of FWA and significant incidents of Medicare program non-compliance at the Plan and FDR level is voluntary. CMS nonetheless strongly encourages self-reporting as an important practice in maintaining an effective compliance program.

If CenCal Health discovers an incident of significant Medicare program non-compliance, it should report the incident to CMS or its designee as soon as possible after discovery. Since there is no bright line definition exists as to what is a "significant" or "serious" incident that should be reported, CenCal Health errs on the side of over-reporting rather than under-reporting.

Self-reporting enables CMS to provide guidance on mitigation of the harm caused by the incident of non-compliance. Self-reporting also offers the opportunity to minimize the potential cost and disruption of a full-scale audit and investigation, to negotiate a fair monetary settlement, and to potentially avoid an OIG permissive exclusion preventing CenCal Health from doing business with Federal health care programs.

CenCal Health may report FWA to the NBI MEDIC, Office of Inspector General (OIG), or Department of Justice. CenCal Health may also disclose fraudulent conduct under the Provider Self-Disclosure Protocol.

IV. ACCOUNTABILITY FOR AND OVERSIGHT OF FDRs AND DELEGATES

A. DELEGATION OVERSIGHT

1. CenCal Health may enter into contracts with First Tier, Downstream, or Related Entities (FDRs) to provide administrative or health care services for Members on behalf of CenCal Health.
2. CenCal Health may not delegate compliance program administrative functions (e.g., compliance officer, compliance committee, compliance reporting to senior management, etc.) to entities other than the parent organization or corporate affiliate; however, CenCal Health may use FDRs for compliance activities such as monitoring, auditing, and training.
3. CenCal Health maintains the ultimate responsibility for fulfilling the terms and conditions of its contracts with CMS and DHCS, and for meeting the Medicare and Medi-Cal program requirements. CenCal Health remains responsible and accountable for functions delegated to Contractors and may be held accountable for the failure of an FDR's ability to comply with Medicare or Medi-Cal program requirements.
4. CenCal Health maintains appropriate oversight of services and functions delegated to Contractors. Delegated functions may include, but are not limited to, network management, utilization management, claims processing, credentialing, re-credentialing, pharmacy benefit management, and member's rights and responsibilities. Other functions not listed above may be delegated to a potential Subcontractor or First Tier Entity following a pre-delegation assessment or review.
5. CenCal Health ensures general compliance information is communicated to its FDRs and Contractors. CenCal Health conducts routine oversight and monitoring of its delegated Subcontractors and First Tier Entities to ensure compliance with applicable State and Federal laws and regulations, contractual obligations, policies and procedures, and the Compliance Plan. As part of its oversight and monitoring, CenCal Health ensures that Subcontractors and First Tier Entities are monitoring the compliance of the entities with which they contract (Downstream Entities).
6. CenCal Health shall evaluate each prospective Contractor's ability to perform the contracted services or functions and shall subsequently oversee any services or functions delegated to a Contractor.

7. Pre-Delegation Assessment

Prior to delegating a service or function to a Subcontractor or First Tier Entity, CenCal Health performs a pre-delegation assessment and review. Upon successful completion of the pre-delegation assessment, the Delegation Oversight Committee (DOC) may approve the issuance of a Delegation Agreement. A Subcontractor or First Tier Entity must receive approval to continue to serve as a delegate. When corrective action is needed, CenCal Health ensures that corrective actions are taken by the entity or delegate.

8. FWA Training

CenCal Health provides FWA training directly to or provides appropriate FWA training materials to its FDRs. CenCal Health may use the CMS developed and standardized FWA training and education module. The module is available through the CMS Medicare Learning Network (MLN) at <http://www.cms.gov/MLNProducts>. This training meets CMS FWA training requirements and FDRs may use this FWA training option.

FDRs who have met the FWA certification requirements through enrollment into Parts A or B of the Medicare program or through accreditation as a supplier of DMEPOS are deemed to have met the FWA training and education requirements. No additional documentation beyond the documentation necessary for proper credentialing is required to establish that an employee or FDR or employee of an FDR is deemed. In the case of chains, such as chain pharmacies, each individual location must be enrolled into Medicare Part A or B to be deemed.

CenCal Health and FDRs maintain records of completion of training requirements through training records, documents, and materials; sign-in sheets; attestations; and electronic certifications for a period of ten (10) years, in accordance with CenCal Health's Record Retention policy.

B. **DELEGATION OVERSIGHT COMMITTEE (DOC)**

1. The DOC oversees and monitors the functions and services delegated to CenCal Health's Subcontractors and First Tier Entities. The DOC is responsible for developing, maintaining, and overseeing delegation agreements as well as monitoring performance between CenCal Health and its delegates. The DOC reports to the Compliance Committee and refers matters, for consideration by the Compliance Committee and Chief Compliance Officer.
2. The DOC reviews and approves potential delegates, through pre-delegation audits, maintains oversight through annual surveys or audits, and oversees

- performance metrics related to delegated functions to ensure compliance with CenCal Health, CMS, DMHC, and DHCS requirements as well as the relevant NCQA, URAC, or other applicable standards. The DOC evaluates overall effectiveness of delegate performance and may recommend a DA be terminated if a delegate is unable or unwilling to meet expectations despite appropriate interventions or requests for corrective actions. The DOC also reviews data reported to CenCal Health by its Subcontractors and First Tier Entities regarding delegated services or functions.
3. The AMO Director chairs the DOC, which meets quarterly. The DOC maintains a platform for communicating information about CenCal Health's delegation program, including general audit findings and results, new audit standards, audit schedules, general performance updates, and the development of new agreements. As a committee that reports to the Compliance Committee, the DOC will refer matters as necessary, for consideration by the Compliance Committee.

The DOC Charter is included in the Compliance Plan as Attachment C.

V. SCREENINGS AGAINST EXCLUSIONS AND PRECLUSIONS LISTS

1. CenCal Health does not hire, contract, or conduct business with any individual or entity who has been disbarred, sanctioned, excluded, or precluded from participating in Medicare or Medicaid programs.
2. All CenCal Health employees (full-time and temporary), interns, volunteers, consultants, Board members, Network Providers, and Contractors are screened against the HHS/OIG List of Excluded Individuals/Entities (LEIE) (available at <http://www.oig.hhs.gov>), GSA Excluded Parties Lists System (EPLS), and state Medicaid program exclusion lists prior to hire or contracting, and monthly thereafter.
3. In addition to the LEIE and Medicaid program exclusion lists, MA-PD providers and prescribers are screened against the CMS Preclusion List. MA-PD Network Providers are screened against the CMS Preclusion List prior to contracting. Non-contracted individuals or entities that submit MA or Part D claims for payment or prescribe Part D drugs or healthcare items or services for MA-PD members are also screened against the CMS Preclusion List.
4. All current CenCal Health permanent and temporary employees, interns, volunteers, Board members, Network Providers, and Contractors are screened on a monthly basis and required to disclose immediately to the Chief Compliance Officer if they become an Ineligible Person.
5. If CenCal has notice of a CenCal Health permanent or temporary employee, intern, volunteer, consultants, Board member, Network Provider, or Contractor has become an Ineligible Person, CenCal shall remove such individual, entity, or Contractor from any position for which their compensation or the items or services furnished, ordered, or prescribed by are paid for in whole or part, directly or indirectly, by any Federal health care program(s) from which they have been disbarred, suspended, excluded, or precluded.
6. Unless and until reinstated, no payment will be made by CenCal Health to an ineligible individual or entity for any item or service provided or prescribed by the excluded or precluded individual or entity on or after the date of disbarment, suspension, exclusion or preclusion. CenCal Health shall not use federal funds to pay for services, equipment or drugs prescribed or provided by a provider, supplier, employee or FDR excluded by the DHHS OIG or GSA.

VI. POLICY ON DOCUMENT AND RECORD RETENTION

CenCal Health maintains records of completion of both internal and FDR training requirements through training records, documents, and materials; sign-in sheets; attestations; and electronic certifications.

CenCal Health maintains records for all compliance violation disciplinary actions, capturing the date the violation was reported, a description of the violation, date of investigation, summary of findings, disciplinary action taken and the date it was taken.

CenCal Health maintains documentation for each report of potential non-compliance or potential FWA received from any source, through any reporting method (e.g., hotline, mail, or in-person). Thorough documentation must be maintained of all deficiencies identified and corrective actions taken.

CenCal Health and its Contractors will maintain all documentation as required by law, for a minimum of ten (10) years from the final date of the Medi-Cal managed care contract or MA-PD contract, or from the date of completion of any audit, whichever is later.

VII. FRAUD, WASTE, AND ABUSE (FWA)

1. CenCal Health maintains an Anti-Fraud Plan or Fraud, Waste, and Abuse (FWA) Plan that demonstrates a commitment to prevent, detect, and correct incidents of potential or suspected FWA. CenCal Health maintains a hotline for anonymous reporting and a Special Investigations Unit (SIU) that investigates all reports of potential FWA, at both the Plan and FDR levels, to determine whether FWA has occurred. The SIU is a part of the Compliance Division and accessible through multiple channels, including phone, email, Internet message submission, and mail.

CenCal Health concludes investigations of potential FWA within a reasonable time period after the activity is discovered. If after conducting a reasonable inquiry, the Chief Compliance Officer or SIU determines that potential FWA related to the Medicare Parts C or D programs has occurred, at either the Plan or FDR level, the matter may be referred to the NBI MEDIC.

The SIU reduces fraudulent or abusive claims, prevents illegal activities, identifies overutilization, identifies and recommends providers or entities for exclusion to NBI MEDIC, and reports individuals or entities who may be involved in FWA or unlawful activities to the appropriate Federal or State regulatory agency or law enforcement.

CenCal Health's system for processing provider claims has predetermined criteria built into the claims editor, where potential fraudulent claims are denied or pended for further review and follow-up. CenCal Health's internal departments including Recoveries, Finance, and Claims, continually analyze and review paid claims data and system reports to ensure the integrity and accuracy of provider payments.

2. Data Analysis for FWA Prevention and Detection

CenCal Health utilizes data analysis to perform effective monitoring to prevent and detect FWA. Data analysis may include the comparison of claim information against other data (e.g., provider, drug or medical service provided, diagnoses or beneficiaries) to identify unusual patterns suggesting potential errors, overutilization, and/or potential fraud and abuse. Data analysis may factor in the particular prescribing and dispensing practices of providers who serve a particular population (e.g., long-term care providers, assisted living facilities, etc.). Use of data analysis may include monitoring FDRs, pharmacy, and medical billing to detect unusual patterns.

3. Ongoing Prevention Efforts

In addition to the above, CenCal Health's website includes sections dedicated specifically to FWA concerning Members or Providers. The website highlights the definition of FWA, what information reporters can provide, and how to report suspected FWA.

4. Opioid Reports

CenCal Health reports information concerning investigations, credible evidence of suspicious activities of a provider of services (including a prescriber) or supplier, and other actions taken by the plan related to the inappropriate prescribing of opioids. The reports shall be made quarterly.

5. Payment Suspensions

CenCal Health identifies and reports to CMS or its designee if there is a payment suspension, pending investigation of credible allegations of fraud by a pharmacy, seven (7) days prior to implementation of the payment suspension. CenCal Health may request an exception to the 7-day prior notification to the Secretary, or its designee, if circumstances warrant a reduced reporting time frame, such as potential beneficiary harm.

6. Referrals to NBI MEDIC

Medicare Drug Integrity Contractors (MEDIC) are organizations that CMS contracts with to perform specific program integrity functions for Parts C and D under the Medicare Integrity Program. The NBI MEDIC's primary role is to identify potential fraud and abuse in Medicare Part C and Part D.

CenCal Health may report potential fraud or abuse cases to the NBI MEDIC to help identify and address any scams or schemes. If reported, NBI MEDIC will investigate referrals and may refer potential FWA to law enforcement or other entities when appropriate. Issues referred to the NBI MEDIC and determined not to be potential FWA will be returned to CenCal Health to be addressed.

7. Responding to CMS-Issued Fraud Alerts

CenCal Health may take action (including denying and reversing claims) if a provider or pharmacy is identified in a CMS-issued fraud alert. The decision to deny or reverse claims should be made on a claim-specific basis as a result of CenCal Health's analysis of claims activity and confirmation that fraud has occurred.

CenCal Health may consider terminating the contract(s) with the identified parties if law enforcement has issued indictments against particular parties

and the terms of the sponsor's contract(s) authorizes contract termination in those circumstances.

8. Response to Requests from Regulators and Law Enforcement

CenCal Health complies with requests by law enforcement, DHCS CMS, CMS' designee, and other regulatory agencies regarding monitoring of providers within its network that CMS has identified as potentially abusive or fraudulent.

VIII. CODE OF CONDUCT

A. PREAMBLE

The CenCal Health Board of Directors has adopted the Code of Conduct ("Code") with respect to business conduct and practices. Unless the context otherwise requires it, a reference to "employee or employees" made hereafter means a "director, officer, employee, staff, intern, volunteer, or contractor" of CenCal Health. The Code shall comply with all applicable requirements and standards under the Medi-Cal managed care contract, Medicare Advantage Prescription Drug (MA-PD) contract, and all applicable Federal and State requirements.

This Code governs the manner in which employees conduct business activities on behalf of CenCal Health by stating the overarching principles and values by which CenCal Health operates and defines the underlying framework for compliance policies and procedures. Employees must be familiar with this Code and adhere to it at all times.

The Code describes CenCal Health's expectations that all employees conduct themselves in an ethical manner; that issues of noncompliance and potential Fraud, Waste and Abuse (FWA) are reported through appropriate mechanisms; and that reported issues will be addressed and corrected.

CenCal Health is also committed to creating a workplace that, at all times, is free from harassment and discrimination, where co-workers respect each other, and abide by this Code.

CenCal Health's success is dependent upon our ability to deliver quality services and the ability of our employees to conduct themselves in accordance with high standards of business ethics and the law. Compliance is everyone's responsibility from the top to the bottom of the organization.

Employees in doubt about any aspect of this Code should contact the Chief Compliance Officer. The Code is updated to incorporate changes in applicable laws, regulations, and other program requirements.

B. PRINCIPLES COVERED UNDER THE CODE OF CONDUCT

1. **Anti-Discrimination/Anti-Harassment.** Employees shall not unlawfully discriminate or engage in unlawful harassment against anyone on account of age, disability, marital status, national origin, race, religion, sexual orientation, or gender identity in hiring or other employment practices. Employees are responsible for supporting CenCal Health in its endeavor to protect others from such harassment and to assist affected employees in support and preventative action.

2. **Honesty.** Employees shall not make false or misleading statements to any members, and/or persons or entities doing business with CenCal Health, or about products or services offered by CenCal Health. Intentional acts of dishonesty are subject to strict disciplinary action, up to and including termination.
3. **Professionalism.** Personal and professional behavior shall conform to the standards expected of persons in their positions and within their responsibilities to ensure there is no misrepresentation of facts.
4. **Duty to Safeguard.** Employees shall safeguard the identity, eligibility, individually identifiable health information, and other confidential information in accordance with CenCal Health policies and applicable legal requirements.
5. **Proprietary Information.** Employees shall safeguard confidential proprietary information, which includes, but is not limited to, CenCal Health's information, proprietary systems and software, research studies, and reports.
6. **Compliance with the Law.** Employees shall not lie, cheat, steal, or violate any law in connection with their employment with CenCal Health. Employees shall not be suspended, terminated, debarred or otherwise ineligible to participate in any Federal or State health care program. Employees shall act ethically and have a responsibility ensuring compliance.
7. **Compliance Program and Reporting.** Employees, Board members, FDRs, and Contractors are required to report suspected or actual violations of any Federal and/or State statute, regulation, or guideline; program requirements; FWA; or of CenCal Health's own policies. Employees shall make reports to a supervisor, the Chief Compliance Officer, or anonymously to the Compliance Hotline.
8. **Non-Retaliation Policy.** CenCal Health maintains a non-retaliation policy for good faith reports of suspected or actual issues of non-compliance or FWA, including violations of the Federal False Claims Act (FCA).
9. **Regulatory Reporting.** Employees shall notify the Chief Compliance Officer immediately upon receipt of an inquiry, or other government request for information from an external body. Employees shall not take action with regulatory bodies that is false or misleading, but rather in a direct, open, and honest manner.

10. **Accurate Books and Records.** Financial reports, accounting records, expense accounts, timesheets, and other documents must accurately represent the facts or true nature of the transaction. Improper or fraudulent accounting documentation or financial reporting will violate this Code and may violate the law. Employees are to report inaccuracies promptly.
11. **Preservation of Documentation and Records.** Employees shall not destroy or alter information or documents in anticipation of, or in response to, a request for documents by any governmental agency or court with jurisdiction.
12. **Protection of Company Property.** Employees are responsible for protecting and taking reasonable steps to prevent misuse, theft, or damage to CenCal Health assets. CenCal Health property may not be converted to personal use.

C. CONFLICTS OF INTEREST

1. **Avoiding Conflict.** Employees are expected to avoid, and not engage in, situations or business practices that conflict with the interests of the company. If under any circumstance, an employee's interests conflict with those of CenCal Health's, the employee must seek advice from the Chief Compliance Officer and his or her supervisor or senior management.
2. **Business Relationships.** The offering, giving, soliciting, or accepting any form of bribe, kickback, or other improper payment is expressly prohibited. CenCal Health business must be executed in a manner designed to further the interests of CenCal Health, rather than the interests of an individual.
3. **Gifts.** Employees may not accept or solicit personal gratuities, gifts, cash, or cash equivalents, favors, services, entertainment, or any other things of value from any person or organization unless specifically approved by CenCal Health's Chief Compliance Officer. Gifts provided to an individual or department may be repurposed as part of an organization wide raffle.
4. **Meals.** Perishable or consumable gifts given to a department are not subject to any specific limitation. Business meetings at which a meal is served are not prohibited from being provided by CenCal Health to a partner, or by a partner to CenCal Health.
5. **Use of Funds.** CenCal Health and its employees shall not make gifts of public funds or assets or lend credit to private persons without adequate consideration unless such actions clearly serve a public

purpose and are approved by the Legal Department.

D. VIOLATIONS OF THE CODE

1. Non-conformance with this Code will be construed as misconduct that could warrant disciplinary action, up to and including termination. Disciplinary action will be taken in accordance with CenCal Health People Operations policies and Employee Handbook.

E. ACCOUNTABILITY

1. Employees are required to read, acknowledge, and sign the Code of Conduct at hire and annually. Employees understand and agree that signing the Code certifies that the employee has received, read, agrees with, and will abide by, the Code and all CenCal Health policies.

IX. ATTACHMENT A: BOARD COMPLIANCE AND OVERSIGHT COMMITTEE CHARTER

The CenCal Health Board Compliance and Oversight Committee is responsible for overseeing CenCal Health's compliance program and compliance with regulatory and contractual requirements. The Compliance and Oversight Committee is a subcommittee of the CenCal Health Board of Directors.

The Compliance and Oversight Committee shall be comprised of five (5) members, including three (3) Board of Directors members, the Chief Executive Officer, and the Chief Compliance Officer. Two (2) of the members shall be from Santa Barbara County and one (1) member shall be from San Luis Obispo County.

The Board of Directors shall designate one of the members of the Compliance and Oversight Committee as its chairperson. The Chair shall preside at all meetings of the Compliance and Oversight Committee. The Chief Compliance Officer shall serve as the committee coordinator. Both the Chief Executive Officer and Chief Compliance Officer will serve as voting members and be counted toward determining whether a quorum is present. Three (3) members shall constitute a quorum. The Compliance and Oversight Committee shall meet at least quarterly.

The Compliance and Oversight Committee's responsibilities and duties include the following:

- Monitor the effectiveness of CenCal Health's Compliance Program and recommend improvements as necessary or appropriate.
- Annually review the CenCal Health Compliance Plan.
- Review, not less than biennially, Network Provider trainings to ensure consistency and accuracy with current requirements and CenCal Health policies and procedures.
- Oversee areas of non-compliance that have detected through audit and monitoring activities that pose a significant risk to the organization.
- Oversee implementation and monitoring of corrective actions.
- Ensure proper communication of significant compliance issues to the Board of Directors.

Any recommendations by the Compliance and Oversight Committee shall be presented to the CenCal Health Board of Directors for approval.

X. ATTACHMENT B: COMPLIANCE COMMITTEE CHARTER

This Compliance Committee is established to maintain CenCal Health's commitment to the highest levels of ethical standards and integrity. The Chief Compliance Officer and Fraud Prevention Officer, who acts as chair of the Compliance Committee, shall have a direct reporting relationship with the Board of Directors regarding compliance-related matters and updates.

The Compliance Committee is responsible for the development and oversight of a comprehensive Compliance Program that includes organizational policies and procedures. The Compliance Committee is also responsible for the development, monitoring, and revision of the Code of Conduct. The Code of Conduct governs the way employees conduct business activities on behalf of CenCal Health.

Compliance Committee Responsibilities

- Oversee the development and implementation of the Compliance Program.
- Review and approve written policies and procedures that define organizational expectations, including the Code of Conduct.
- Establish organizational training and education processes and publish expectations for all employees and governing body members.
- Establish communication lines for reporting concerns to the Chief Compliance Officer, including anonymous and confidential reporting.
- Establish a non-retaliation policy to encourage good faith participation and outline disciplinary actions for violations of policy or the Code of Conduct.
- Establish a system for routine risk assessment and evaluation, internal audit, and regulatory reporting.
- Establish a system for immediate response to compliance related matters when escalated; development of corrective action plans; and reporting compliance matters to appropriate regulatory bodies, when necessary.

Compliance Committee Membership (Voting Members)

- Chief Compliance & Fraud Prevention Officer (Chair)
- Chief Executive Officer
- Chief Health Equity Officer
- Chief Financial Officer / Treasurer
- Chief Information Officer
- Chief Medical Officer
- Chief Operating Officer
- Chief Performance Officer
- Chief Strategic Engagement Officer
- Deputy Chief Information Officer
- Director of Administrative Services
- Director of Accounting
- Director of Behavioral Health
- Director of Care Management
- Director of Claims
- Director of Communications and Marketing
- Director of Enterprise Risk Management
- Director of Financial Analysis
- Director of Government Relations
- Director of Information Technology – Operations
- Director of Medicare
- Director of Member Services
- Director of Operational Excellence
- Director of People Operations
- Director of Pharmacy

- Director of Provider Relations
- Director of Provider Services
- Director of Regulatory Compliance
- Director of Security & Privacy Officer
- Director of Utilization Management
- Senior Director of Care Management and D-SNP Clinical Programs
- Senior Director of Quality and Population Health

Compliance Committee Staff (Non-Voting Members)

- Associate Director of Health Services Regulatory Operations
- Audits, Monitoring, and Oversight Manager
- Executive Assistant (Recorder)
- Medi-Cal Compliance Manager
- Medicare Compliance Manager
- Compliance Auditor – CMS
- Compliance Auditor – DHCS
- Compliance Auditor - DO
- Compliance Coordinator
- Compliance Specialist
- Information Security Manager
- Regulatory Liaison, Member Services
- Security Analyst
- Senior Privacy Investigator
- Senior Security Analyst
- Senior Compliance Investigator
- Senior Compliance Specialist
- Senior Compliance Strategists
- Senior Regulatory Liaison, Provider Services and Provider Relations

Meeting Frequency

The Compliance Committee shall meet quarterly, or as needed.

XI. ATTACHMENT C: DELEGATION OVERSIGHT COMMITTEE CHARTER

CenCal Health, pursuant to its contracts with the California Department of Health Care Services (DHCS) and Centers for Medicare & Medicaid Services (CMS) and in accordance with its Knox-Keene license (granted by the California Department of Managed Health Care (DMHC)), is accountable for all health plan functions and responsibilities that are delegated to subcontracted entities across Santa Barbara and San Luis Obispo Counties.

Delegated functions may include, but are not limited to, claims payment, utilization management, credentialing, re-credentialing, pharmacy benefit management (member call center, pharmacy and provider call center support), transportation, and 24/7 nurse advice line. CenCal Health may delegate any or all of these functions to qualified entities, as needed, to ensure quality services reach our members in an efficient and timely manner within the confines of the law.

The Delegation Oversight Committee (DOC) is responsible for developing, maintaining, and overseeing agreements as well as monitoring performance in accordance with those agreements between CenCal Health and its delegates. The DOC's oversight extends to first tier, downstream, and related entities (FDRs), subcontractors, and downstream subcontractors operating under formal DAs with CenCal Health.

The DOC conducts oversight to ensure compliance with CenCal Health's Delegation Agreement (DA) against delegate, CMS, DMHC, and DHCS requirements, as well as the relevant NCQA, URAC, or other applicable standards. DOC oversight incorporates D-SNP integration requirements, including coordination between Medicare and Medi-Cal benefits, Model of Care implementation, care coordination processes, and required data reporting.

The DOC reviews and approves potential delegates that have passed a pre-delegation assessment (PDA) conducted by the Audits, Monitoring, and Oversight Department (AMO). Additionally, the DOC maintains oversight by reviewing and approving annual audits conducted by AMO and evaluates performance metrics related to delegated functions through ongoing monitoring. Oversight is coordinated by AMO and includes risk-based monitoring and auditing of delegated activities. If opportunities for improvement are identified through the oversight process, the DOC ensures stakeholders appropriately implement interventions of recommended corrective actions.

Delegation Oversight Committee Responsibilities

- Review and oversee delegate performance across all delegated functions.
- Review, provide feedback, and approve PDA results prior to execution of any DA.
- Ensure the use of DHCS-approved DAs that clearly define delegated responsibilities, reporting requirements, and oversight expectations.
- Review delegates' performance reports for compliance with contractual, regulatory, accreditation, and policy requirements, and identify potential areas for improvement.

- Oversee annual, ad hoc, and risk-based audits of delegated entities.
- Review annual, ad hoc, and risk-based audit results to determine continuation, modification, or termination of delegation.
- Upon successful completion of an audit, the delegate's DA is eligible for renewal and the DOC votes to approve.
- Verify appropriate oversight of downstream entities, including instances of sub-delegation.
- Review delegation arrangements to ensure CenCal Health meets objectives to provide access to the full scope of covered services, including but not limited to medically necessary physical and behavioral health services, prescription drugs, and transportation.
- Oversee the development, implementation, and effectiveness of corrective actions for identified compliance issues, including monitoring outcomes to ensure corrective actions are effective and sustained.
- Oversee delegates' fulfillment of contractual obligations, including administrative capacity, policies and procedures, performance improvement plans, and sub-delegation arrangements.
- Report monitoring and audit results, corrective action status, and identify trends to the Compliance Committee, executive leadership, and the Board of Directors.

Delegation Oversight Committee Objectives

- Ensure delegation decisions support effective service delivery to the member population and provider network by reviewing and assessing the capacity of potential delegates to perform delegated functions in compliance with CenCal Health, CMS, DMHC, and DHCS requirements, as well as applicable NCQA, or other accreditation standards.
- Promote accountability by ensuring delegates maintain effective compliance programs, Codes of Conduct, and disciplinary standards consistent with regulatory requirements.
- Ensure delegated monitoring activities, as defined in the DA, are appropriate, sufficient, and effectively implemented to confirm delegates are meeting performance and compliance expectations.
- Ensure identified deficiencies are addressed through corrective action processes and that corrective actions are monitored and validated for effectiveness.
- Recommend sanctions, escalations, or termination of the DA when a delegate is unable or unwilling to meet contractual, regulatory, or performance expectations despite appropriate interventions and corrective action efforts.
- Evaluate the overall effectiveness of delegate performance against DA terms and requirements.
- Promote continuous improvement through trend analysis, dashboards, and data-driven monitoring.

Delegation Oversight Committee Membership

Membership may be adjusted by the DOC Chair to ensure appropriate involvement by business owners and subject matter experts (SMEs), based on agenda items and DOC priorities. Voting members will be those persons in the position of Director or above at CenCal Health. An Associate Director or delegated representative may also vote in absence of the Department Director on any motion that is brought to vote before the DOC.

DOC Members

Enterprise Risk Management Director (Chair)	Director of Claims Operations
Chief Compliance & Fraud Prevention Officer	Director of Medicare
Chief Financial Officer / Treasurer	Director of Member Services
Chief Medical Officer	Director of Pharmacy Services
Chief Operating Officer	Director of Provider Relations
Chief Strategic Engagement Officer	Director of Provider Services
Deputy Chief Information Officer	Director of Regulatory Compliance
Sr. Director of Quality and Population Health	Director of Security & Privacy Officer
Director of Accounting	Director of Utilization Management
Director of Administrative Services	Director of Behavioral Health

DOC Governance

A vote or motion to approve may be brought when a quorum of 51% is met. A motion will require a majority of the voting members (or their designees) to be present. Ad hoc votes to address a matter that requires attention between scheduled meetings may occur electronically, at the direction of the DOC Chair. The outcome of such ad hoc votes will be endorsed and documented at the next DOC meeting.

Meeting Frequency

The DOC shall meet quarterly. Ad hoc meetings may be scheduled as the need arises.

Committee Reporting Structure

The DOC shall report to the Compliance Committee quarterly.

XII. ATTACHMENT D: ANTI-FRAUD COMMITTEE CHARTER

CenCal Health (CenCal or Plan) has established the Anti-Fraud Committee in order to investigate and proactively detect fraud, waste, and abuse (FWA). An Anti-Fraud Committee shall facilitate the Plan's compliance with its CMS and DHCS contractual requirements and requirements under 42 CFR §§ 422.503, 422.504, and 438.608. The Anti-Fraud Committee shall report to the Plan's Compliance Committee on a quarterly basis.

Responsibilities of Committee

The Anti-Fraud Committee is responsible for addressing allegations of fraud, waste, and abuse reported to the Plan and performs the following:

- Investigates all reports of potential FWA.
- Reports potential or actual FWA to the appropriate regulatory or law enforcement agencies.
- Proactively detect, investigate, and remediate FWA through claims analytics.
- Proactively detect, investigate, and remediate FWA through identification or overutilization of services.
- Make recommendations to the Compliance Committee to determine strategic priorities for proactively detecting and remediating FWA.
- Collaborates with the Plan's Auditing and Monitoring Program to proactively detect and remediate FWA.
- Monitor providers who have been suspended or excluded from participating in a government sponsored program.

Membership

Membership of the Anti-Fraud Committee Consists of the following:

- Chief Compliance & Fraud Prevention Officer (CCO) serves as Committee Chair
- Chief Financial Officer/Treasurer
- Chief Medical Officer
- Chief Operating Officer
- Deputy Chief Information Officer or designee
- Director of Claims Operations
- Director of Security and Privacy Officer
- Director of Behavioral Health
- Director of Medicare
- Director of Member Services
- Director of Provider Services
- Director of Provider Relations
- Director of Regulatory Compliance
- Sr. Director of Quality and Population Health
- Chief Strategic Engagement Officer (Ad hoc, Non-Voting)
- Associate Director of Claims (Non-Voting)
- Sr. Compliance Investigator (Non-Voting)

Meeting frequency

The Anti-Fraud Committee shall meet at least quarterly and ad hoc as needed.

XIII. DEFINITIONS

Abuse: includes actions that may, directly or indirectly, result in: unnecessary costs to the Medicare Program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. Abuse involves payment for items or services when there is no legal entitlement to that payment, and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment. Abuse cannot be differentiated categorically from fraud because the distinction between “fraud” and “abuse” depends on specific facts and circumstances, intent and prior knowledge, and available evidence, among other factors.

Audit: a formal review of compliance with a particular set of standards (e.g., policies and procedures, laws and regulations) used as base measures.

Centers for Medicare & Medicaid Services (CMS) – The Federal agency that administers Medicare.

Contractor: for purposes of this Compliance Plan and associated attachments, the term “Contractor” refers to Subcontractors, Downstream Subcontractors, First Tier Entities, and Downstream Entities collectively.

Corrective Action Plan: a plan that includes specific activities to address deficiencies or noncompliance.

Covered Services: those health care services, set forth in Welfare and Institutions (W&I) Code sections 14000 et seq. and 14131 et seq., 22 CCR section 51301 et seq., 17 CCR section 6800 et seq., the Medi-Cal Provider Manual, the California Medicaid State Plan, the California Section 1115 Medicaid Demonstration Project, the Plan’s contract with DHCS, and APLs that are made the responsibility of the Plan pursuant to the California Section 1915(b) Medicaid Waiver authorizing the Medi-Cal managed care program or other federally approved managed care authorities maintained by DHCS. Covered Services also refers to all health care services, prescription drugs, and supplies offered under an MA-PD plan.

Department of Health Care Services (DHCS) or Department: the single state department responsible for the administration of the Medi-Cal Program, CCS, Genetically Handicapped Persons Program (GHPP), and other health-related programs, as provided by statute and/or regulation.

DHHS: the Department of Health and Human Services. CMS is the agency within DHHS that administers the Medicare program.

Department of Managed Health Care (DMHC): the California department responsible for administering the Knox-Keene Health Care Service Plan Act of 1975.

Downstream Entity: any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit or Part D benefit, below the level of the arrangement between a Medicare Advantage Organization (MAO) or Part D plan sponsor or applicant and a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services. A Network Provider is not a Downstream Entity solely because it enters into a Network Provider Agreement.

Downstream Subcontractor: an individual or an entity that has a Downstream Subcontractor Agreement with a Subcontractor or a Downstream Subcontractor. A Network Provider is not a Downstream Subcontractor solely because it enters into a Network Provider Agreement.

Downstream Subcontractor Agreement: a written agreement between a Subcontractor and a Downstream Subcontractor or between any Downstream Subcontractors. The Downstream Subcontractor Agreement must include a delegation of CenCal Health's and Subcontractor's duties and obligations under the Medi-Cal managed care contract.

External Audit: an audit of the sponsor or its FDRs conducted by outside auditors, not employed by or affiliated with, and independent of, the sponsor.

First Tier Entity: any party that enters into a written arrangement, acceptable to CMS, with a Medicare Advantage Organization (MAO) or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the Medicare Advantage or Part D Program. A Network Provider is not a First Tier Entity solely because it enters into a Network Provider Agreement.

Fraud: knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money or property owned by, or under the custody or control of, any health care benefit program. 18 U.S.C. § 1347.

FWA: means fraud, waste and abuse

GSA: means General Services Administration.

Internal Audit: an audit of the sponsor or its FDRs conducted by auditors who are employed by or affiliated with the sponsor.

Ineligible Person: an individual or entity who: (a) is currently excluded from participation in any Federal health care program or (b) has been convicted of a criminal offense that falls within the scope of 42 U.S.C. § 1320a-7(a) (mandatory exclusion) but has not yet been excluded from participation in any Federal health care program.

Medically Necessary or Medical Necessity: reasonable and necessary services to

protect life, to prevent significant illness or significant disability, or alleviate severe pain through the diagnosis or treatment of disease, illness, or injury, as required under W&I Code section 14059.5(a) and 22 CCR section 51303(a). Medically Necessary services must include services necessary to achieve age-appropriate growth and development, and attain, maintain, or regain functional capacity.

Medicare is the health insurance program for the following:

- People 65 or older,
- People under 65 with certain disabilities, or
- People of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Member or Enrollee: an eligible individual who has enrolled in CenCal Health's Medi-Cal managed care plan or CenCal Health's MA-PD plan and resides in CenCal Health's Service Area.

Monitoring Activities: regular reviews performed as part of normal operations to confirm ongoing compliance and to ensure that corrective actions are undertaken and effective.

NBI MEDIC: National Benefit Integrity Medicare Drug Integrity Contractor (MEDIC), an organization that CMS has contracted with to perform specific program integrity functions for Parts C and D under the Medicare Integrity Program. The NBI MEDIC's primary role is to identify potential FWA in Medicare Parts C and D.

Network Provider: any Provider or entity that has a Network Provider Agreement with CenCal Health or a CenCal Health Contractor and receives Medi-Cal or Medicare funding directly or indirectly to order, refer, or render Covered Services under the Medi-Cal managed care or MA-PD contracts. A Network Provider is not a Contractor (i.e., Subcontractor, Downstream Subcontractor, First Tier Entity, or Downstream Entity) solely by virtue of the Network Provider Agreement.

Network Provider Agreement: a written agreement between a Network Provider and CenCal Health or CenCal Health Contractor.

OIG: the Office of the Inspector General within DHHS. The Inspector General is responsible for audits, evaluations, investigations, and law enforcement efforts relating to DHHS programs and operations, including the Medicare program.

Pharmacy Benefit Manager (PBM): an entity that provides pharmacy benefit management services, which may include contracting with a network of pharmacies; establishing payment levels for network pharmacies; negotiating rebate arrangements; developing and managing formularies, preferred drug lists, and prior authorization programs; performing drug utilization review; and operating disease management programs. Some sponsors perform these functions in-house and do not use an outside

entity as their PBM. Many PBMs also operate mail order pharmacies or have arrangements to include prescription availability through mail order pharmacies. A PBM is often a first tier entity for the provision of Part D benefits.

PDP: means Prescription Drug Plan.

Provider: any individual or entity that is engaged in the delivery of services, or ordering or referring for those services, and is licensed or certified to do so.

Service Area: the county or counties that CenCal Health is approved to operate under the terms of the Medi-Cal managed care or MA-PD contract. A Service Area may be limited to designated zip codes (under the U.S. Postal Service) within a county.

Special Investigations Unit (SIU): an internal investigation unit responsible for conducting investigations of potential FWA

Subcontractor: an individual or entity that has a Subcontractor Agreement with CenCal Health that relates directly or indirectly to the performance of CenCal Health's obligations under the Medi-Cal managed care contract. A Network Provider is not a Subcontractor solely because it enters into a Network Provider Agreement.

Subcontractor Agreement: a written agreement between CenCal Health and a Subcontractor. The Subcontractor Agreement must include a delegation of CenCal Health's duties and obligations under the Medi-Cal managed care contract.

Waste: the overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to the Medicare program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources.