



Promise Health Plan

Blue Shield of California Promise Health Plan

Medi-Cal Compliance Program

2026

Compliance Committee Approval Date(s): 9/27/23, 9/10/24, 9/10/25

Blue Shield of California Promise Health Plan Board of Directors Approval Date(s):
10/24/23, 10/28/24, 10/28/25

Contents

EXECUTIVE SUMMARY.....	4
SECTION I - WRITTEN STANDARDS	5
A. Compliance Program.....	5
B. Policies and Procedures	5
C. Code of Conduct and Corporate Compliance & Ethics Program.....	5
SECTION II - COMPLIANCE OFFICER AND COMMITTEES	6
A. Overview	6
B. Compliance Officer	6
C. Compliance Committee	6
D. Governing Body	7
SECTION III - COMPLIANCE TRAINING & EDUCATION.....	8
A. Overview	8
B. Code of Conduct	8
C. Government Programs Compliance and Fraud Awareness	9
D. Privacy and Information Security Awareness	9
E. Specialized Trainings.....	10
SECTION IV – EFFECTIVE LINES OF COMMUNICATION	10
A. General Compliance Communication.....	10
Compliance Intranet	10
Regulatory Change Management and Education	11
B. Reporting Mechanisms.....	11
Reporting to Compliance Officer and Compliance Department	11
Reporting to Management or Senior Leadership	12
EthicsPoint Hotline.....	12
C. Confidentiality and Non-Retaliation	12
SECTION V - ENFORCEMENT AND DISCIPLINARY STANDARDS	13
A. Overview	13
B. Conduct Subject to Enforcement	13
C. Enforcement and Discipline	13
SECTION VI - MONITORING, AUDITING, AND COMPLIANCE OVERSIGHT.....	14

A. Overview	14
B. Monitoring and Auditing.....	14
Internal Monitoring	14
Internal Auditing.....	14
C. Oversight of Subcontractors.....	15
D. Exclusions From Medi-Cal Program Participation.....	15
SECTION VII - RESPONSE AND REMEDIATION	16
A. Overview	16
B. Compliance Investigations.....	17
C. Corrective Actions.....	17
SECTION VII - FRAUD, WASTE AND ABUSE	17
A. Fraud Prevention Officer.....	17
B. Investigative Responsibilities.....	18
C. Anti-Fraud Plan	18
Exhibit A - Anti-Fraud Plan	19
Exhibit B – Delegation Reporting and Compliance Plan.....	20
Exhibit C – Code of Conduct	21
Exhibit D – Compliance Committee Charter.....	22

EXECUTIVE SUMMARY

Blue Shield of California Promise Health Plan (Blue Shield Promise) implements and maintains its effective Compliance Program (The Program) in compliance with 42 Code of Federal Regulations 438.608, as well as all applicable state and federal laws and regulations, and DHCS contractual obligations. Blue Shield Promise is committed to operating in full compliance and will ensure procedures to prevent, detect and report, and correct non-compliance.

The Program is maintained by the designated Chief Compliance Officer who is responsible for ensuring the Program adheres to and incorporates all elements of an effective compliance program. Blue Shield Promise workforce members, which includes but not limited to employees, officers, temporary employees and contractors, are required to behave ethically and have a responsibility in ensuring compliance. The Chief Compliance Officer may work in partnership with other Blue Shield of California Corporate Law Department leaders including but not limited to the Senior Director of Compliance and Ethics, Senior Director of Enterprise Risk Management, Privacy Officer, Senior Director of Special Investigations Services, Senior Director of Internal Audit, and the Chief Risk & Compliance Officer¹.

Blue Shield Promise requires all Network Providers, subcontractors and downstream subcontractors (subcontractors) abide by all applicable laws and regulations and contractual obligations as set forth in agreements with Blue Shield Promise and the Department of Health Care Services (DHCS). In addition, all Blue Shield of California Promise Health Plan Board Members, workforce members, and subcontractors must conduct themselves in accordance with the Compliance Program and in alignment with the Code of Conduct.

The Program may be reevaluated for continuous improvement as needed, but no less than annually. The Program is subject to annual approval by the Compliance Committee and the Audit Committee of Blue Shield of California Promise Health Plan Board of Directors (Audit Committee of BSC Promise Board of Directors). The Program acts independently of operational and program areas and is without fear of repercussions for uncovering deficiencies or non-compliance.

¹ The Chief Risk and Compliance Officer title refers to that of Blue Shield of California. The Chief Compliance Officer title refers to that of Blue Shield of California Promise Health Plan. The Chief Compliance Officer reports up to the Blue Shield of California Chief Risk and Compliance Officer.

SECTION I - WRITTEN STANDARDS

A. Compliance Program

The Program provides the framework for Blue Shield Promise's compliance initiatives and procedures. This Program also incorporates the organization's Fraud, Waste and Abuse program document which is referenced within as the "Anti-Fraud Plan" (Exhibit A) as well as the "Delegation Reporting and Compliance Plan" (Exhibit B).

The Program, Anti-Fraud Plan, and Delegation Reporting and Compliance Plan are made available to all workforce members, Board Members, and subcontractors. The Program is made public on the Blue Shield Promise Website.

B. Policies and Procedures

Blue Shield Promise maintains policies and procedures to establish operational functions and ensure compliance with all laws, regulations, and contractual obligations are incorporated in the administration of its Medi-Cal Program. The expectation is that all board members, workforce members, and subcontractors are aware of the policies and procedures applicable to their roles and responsibilities, are educated of such upon hire and on an ongoing basis and will be held accountable for non-compliance.

The Policies and Procedures must be reviewed periodically, no less than annually, to ensure any updates are applied in response to any law, regulatory or contractual changes as well as operational changes. Policies must be approved by governing committees, when applicable, comprised of senior leadership and operational management staff. Policies and Procedures are made available to all Blue Shield Promise's workforce members through the designated centralized policy and procedure repository.

C. Code of Conduct and Corporate Compliance & Ethics Program

The Code of Conduct (Exhibit C) is the foundational statement of Blue Shield of California's governing principles. It describes the organizational expectation that all workforce members and Board Members act ethically and have a key responsibility in ensuring compliance. Blue Shield Promise is subject to the Blue Shield of California Code of Conduct and the Compliance & Ethics program. All workforce members are trained to implement compliance and integrity responsibilities with their daily conduct and decisions.

The Code is managed under the direction of Blue Shield's Chief Risk and Compliance Officer responsible for the Corporate Compliance and Ethics Program and is approved by the full Blue Shield of California Board of Directors. The Code is reviewed annually. Material Code changes or updates are vetted and approved

by the full Blue Shield Board of Directors. The Code of Conduct is posted publicly on the website, and is made available to all workforce members, Board Members, and subcontractors.

SECTION II - COMPLIANCE OFFICER AND COMMITTEES

A. Overview

The implementation of The Program is dependent on the appropriate oversight structure to ensure accountability. Compliance is the responsibility of all, however, there must be a designated Compliance Officer which has reporting relationships to governing bodies and senior leadership. The organizational structure of The Program is as follows.

B. Compliance Officer

The Senior Director, Medi-Cal Compliance serves as the Chief Compliance Officer for Blue Shield Promise Health Plan. The Chief Compliance Officer is ultimately responsible for planning, implementing, and monitoring the day-to-day compliance initiatives and The Program. The Chief Compliance Officer is a full-time employee and must meet the requirements and qualifications as outlined in the job description maintained by the Human Resources Department. They are independent of responsibility for operational departments, and without fear of repercussions for uncovering deficiencies or non-compliance.

The Chief Compliance Officer reports directly to the Blue Shield Promise Chief Executive Officer, Blue Shield of California Chief Risk & Compliance Officer, and the Audit Committee of BSC Promise Board of Directors. The Chief Compliance Officer may work in partnership with other Blue Shield of California Corporate Law Department leaders including but not limited to the Senior Director of Compliance and Ethics, Senior Director of Enterprise Risk Management, Privacy Officer, and the Senior Director of Special Investigations Services. In addition, the Chief Compliance Officer may also engage directly with senior leadership staff, subcontractors, regulatory agencies, or others as required. The Blue Shield Promise CEO will ensure that the Chief Compliance Officer has the authority and resources to carry out an effective compliance program. The Chief Compliance Officer will provide regular reports to the CEO on compliance activities.

The Chief Compliance Officer is responsible for overseeing the Medi-Cal Compliance Department which includes experienced compliance professionals with expertise in the administration of the Medi-Cal Program.

C. Compliance Committee

The Compliance Committee (The Committee) provides governance support and oversight for the Promise Compliance Program and assures the effectiveness of the

Program as required by the Company's applicable legal and/or contractual obligations, and consistent with the Company's Code of Conduct. The Program, under the direction of the Chief Compliance Officer, enables Promise to operate in an ethical and compliant manner. The Chief Compliance Officer has ultimate responsibility for operating the program, with the support and assistance of the Committee. As such, the Committee is a foundational element of the Program.

The Committee and its individual members shall act to support and assure the Company's direction of appropriate resources toward the continued maintenance of an effective Program and the execution of the Program's tactical and strategic initiatives. The Committee facilitates the maintenance of effective, enterprise-wide lines of communication regarding compliance issues; supports the consistent implementation of the Company's compliance policies, procedures, and Code; and facilitates enforcement of compliance standards and disciplinary guidelines under the Program.

The Chief Compliance Officer shall provide periodic reports to the Committee regarding the status of the Program and its strategic initiatives. They will share with the Committee summary reports of material compliance issues, such as compliance-related: training, investigations, allegations of Code violations, disciplinary actions, regulatory and/or contractual oversight and monitoring activities, internal and external audits, and compliance metrics.

The Committee is chaired by the Chief Compliance Officer who determines the composition of the Committee. Committee members include senior representatives of key business and operational units having significant compliance responsibility and/or impact. The Chief Operating Officer and the Chief Privacy Officer are required members of the Committee; the Company's Chief Legal Officer or his/her designee shall be a non-voting member. Committee members must be at the level of Director or above, however, the CCO may make exceptions to this requirement at their discretion.

The Committee meets on a quarterly basis, however meetings may be conducted more frequently at the direction of the Chief Compliance Officer. The Delegation Oversight Committee reports to The Committee and provides updates on subcontractor audits, reporting, and monitoring. The Committee reports to the Audit Committee of the Board of Directors. Further detail may be found in Exhibit D – Compliance Committee Charter.

D. Governing Body

Blue Shield Promise maintains the Audit Committee of BSC Promise Board of Directors, which reports into the full Blue Shield of California Promise Health Plan Board of Directors. The Audit Committee of BSC Promise Board of Directors is

responsible for oversight of the organization's Compliance Program, and as such, the Compliance Committee reports to the Audit Committee of BSC Promise Board of Directors. The Promise Chief Compliance Officer makes reports quarterly to the Blue Shield Board of Directors regarding the operations and effectiveness of the program. The Audit Committee of BSC Promise Board of Directors:

- ❖ Annually reviews and approves The Program. The Code of Conduct will be reviewed and approved by the full Board of Directors.
- ❖ Understands the content and operations of the Compliance Program.
- ❖ Receives reports from the Promise Chief Compliance Officer on the Plan's Compliance Program outcomes including compliance investigations, monitoring and auditing activities, and corrective actions.

SECTION III - COMPLIANCE TRAINING & EDUCATION

A. Overview

Education and training are core elements of an effective compliance program. Blue Shield Promise requires all workforce members, Board Members, and subcontractors to complete mandatory compliance training modules. Workforce members and Board Member training is conducted at least within 90 days of hire/engagement, and annually thereafter. Records of training completion are maintained within the web-based platform utilized for training management. Additionally, Blue Shield Promise requires subcontractors to maintain records of the training of their employees and are audited on this element annually.

Required courses include Code of Conduct, Government Programs Compliance, Fraud Awareness, and Privacy and Information Security Awareness courses. People Managers also receive training on leadership principles and managing within the law. Specialized education courses may be assigned to individuals based on their roles within operational departments and integrate regulatory compliance aspects.

Blue Shield Promise utilizes a web-based platform, ShieldLearns. ShieldLearns is utilized for the administration, documentation, tracking, reporting, automation, and delivery of educational courses, training programs, or learning and development programs.

B. Code of Conduct

Blue Shield Promise workforce members, including contractors, complete mandatory new hire Code of Conduct training at least within 90 days of hire/engagement and annually thereafter. Blue Shield Promise workforce members complete annual attestation of compliance with Code of Conduct standards. This training is mandatory and requires 100% workforce completion. Workforce members who do not complete this training as required will be subject to disciplinary action, up to and including termination. Employees are informed of the process for

reporting actual or potential violations of the Code by completing the online Compliance Inquiry Report form or by calling the C&E hotline, among other options.

The Code of Conduct and C&E Program addresses the following subjects:

- ❖ Following our values and doing business the right way – incorporating ethical conduct, and compliance with the laws and Blue Shield policy
- ❖ Conflicts of interest
- ❖ Gifts & Entertainment in dealing with customers, suppliers, and vendors
- ❖ Kickback, rebates, and reporting improper offers
- ❖ Brand training
- ❖ Doing business with the government and cooperating in government investigations
- ❖ Antitrust and dealing with our competitors
- ❖ Confidentiality and proprietary information
- ❖ Privacy – use and protection of Personally Identifiable Information (PII), including Protected Health Information (PHI)
- ❖ Records retention and proper disposal of confidential information
- ❖ Reporting violations
- ❖ Prohibition against retaliation

C. Government Programs Compliance and Fraud Awareness

Government Programs Compliance and Fraud Awareness trainings are mandatory for all workforce members, including contractors, and are completed at least within 90 days of hire/engagement and annually thereafter. They focus on the Medi-Cal Compliance Program, as well as on how to detect, prevent, and correct non-compliance with Medi-Cal Program requirements and suspected or substantiated fraud, waste, and abuse. The trainings include information on False Claims Act and other laws, including the ability to report anonymously and whistleblower protections. In addition, Workforce members are informed of Compliance Program elements to ensure organizational wide adherence to the Medi-Cal Compliance Program. These trainings are mandatory and require 100% workforce completion. Workforce members who do not complete this training as required will be subject to disciplinary action, up to and including termination.

D. Privacy and Information Security Awareness

Blue Shield Promise workforce members, including contractors, complete mandatory new hire Privacy and Information Security Awareness trainings at least within 90 days of hire/engagement and annually thereafter. The trainings consist of curriculum of Blue Shield Promise's compliance with state and federal privacy laws, including the privacy components of the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic

and Clinical Health Act (HITECH). The Privacy Office provides additional training to individuals and/or business units as appropriate in response to privacy incidents/breaches and based upon ongoing privacy risk assessment activities. Trainings are mandatory and requires 100% workforce completion. Workforce members who do not complete this training as required will be subject to disciplinary action, up to and including termination.

E. Specialized Trainings

As noted previously, Blue Shield Promise recognizes the importance of job-specific, specialized trainings for workforce members, network providers, and subcontractors to ensure understanding of their respective job function and/or responsibilities as it relates to the Medi-Cal program. Blue Shield Promise encourages and provides the resources for operational management to develop and maintain training programs for workforce members on procedural components of their job function on ShieldLearns, or through other measures such as live trainings, presentations, email notifications, or resource documents. Training programs must always consider Medi-Cal Program requirements and curriculum be developed in accordance. Below is a non-exhaustive list of trainings.

- ❖ Medi-Cal 101 Program trainings that include content on the Blue Shield Promise administration of its Medi-Cal plan and understanding the contractual obligations and requirements.
- ❖ Special Investigations Unit staff receive a minimum of 20 hours of fraud training annually.
- ❖ Member Services staff receive initial and ongoing training including member rights and responsibilities, and other required elements.
- ❖ Network Providers receive initial and ongoing training on required elements, including provisions on the False Claims Act, and conducted within regulatory timeframes.
- ❖ Other trainings as needs are identified, and those specific to contractual obligations with DHCS.

SECTION IV – EFFECTIVE LINES OF COMMUNICATION

A. General Compliance Communication

Compliance Intranet

Blue Shield of California maintains robust and comprehensive intranet sites that provides the resources for any workforce member to contact the appropriate Compliance functional area for inquiries or reporting including but not limited to Medi-Cal compliance concerns, Privacy, Code of Conduct, and Conflict of Interest. The Compliance Intranet provides a centralized location for information and resources to be available to all workforce members and enable contact to

ensure concerns are promptly and appropriately addressed. The intranet site displays the Compliance Plan, reference guides and tools, as well as Compliance team members' phone numbers, so that they may be reached for any such concerns.

Regulatory Change Management and Education

Blue Shield Promise maintains a consistent process for distributing and communicating new regulations, regulatory changes, contractual requirements, or changes relevant to Medi-Cal to workforce members, subcontractors, and Network Providers as applicable. The Plan is committed to fully implementing all Medi-Cal Program requirements, including any changes, swiftly as they are released. To support this commitment, there are dedicated intake, distribution, and implementation management teams that work in concert with department management responsible for the operations. The Promise Compliance Department participates, tracks, and monitors implementation of regulatory change and provides guidance, as needed. As a result of new or change in requirements, updates to monitoring and oversight procedures and tools, maintained by the Promise Compliance Department, may be made and socialized to operational management and leaders.

Network Providers and subcontractors regularly receive updates on the Medi-Cal Program including notification of DHCS All Plan Letters, when applicable, through our various provider communication channels including via email, facsimile, and public website. In addition, the Provider Manual is reviewed and updated when program and operational requirements change, but no less than annually. The Provider Manual is distributed at initial contracting, during the New Provider Training, and annually thereafter. The Plan maintains an open line of communication with Network Providers and subcontractors as it relates inquiries on Medi-Cal Program requirements and may be discussed at anytime, including but not limited to their provider relations representative or at Joint Operations Committee meetings managed by Provider Relations Department Staff.

B. Reporting Mechanisms

Reporting mechanisms are accessible to all workforce members, Board Members, Network Providers, and subcontractors and allow compliance issues and suspected or actual fraud, waste, and abuse to be reported. Plan members, or members of the public may also make reports. Blue Shield Promise ensures there are various methods of anonymous and confidential good faith reporting of potential compliance issues.

Reporting to Compliance Officer and Compliance Department

The Blue Shield Promise Chief Compliance officer maintains an open-door policy whereas any workforce member, Board Member, or subcontractor may contact the Chief Compliance Officer to inquire or report on suspected and actual

compliance issues. The Chief Compliance Officer may be contacted by telephone, email, written correspondence, or face-to-face interaction.

- ❖ Phone: 626-433-7607
- ❖ Email: Yasamin.Hafid@Blueshieldca.com

Reports may also be made directly to Blue Shield Promise Compliance Department staff. For specific staff contact information, visit the Compliance Intranet. Alternatively, a report may also be done at the following department email:

- ❖ Email: BSCPromiseCompliance@Blueshieldca.com

Reporting to Management or Senior Leadership

Blue Shield Promise workforce members are encouraged to contact their immediate management or senior leadership when non-compliant activities are suspected or observed. A report to Compliance should be made either by the workforce member, or the management. The workforce member also has the authority to report directly to the Chief Compliance Officer and/or Compliance Department.

EthicsPoint Hotline

Blue Shield Promise maintains a publicly accessible reporting mechanism that allows inquiries or reports to be made via phone or online form and routed to the appropriate functional compliance area for action. The report may be made anonymously and confidentially. The platform utilized is EthicsPoint supplied by Navex.

Actual or suspected Medi-Cal non-compliance, code of conduct/ethics issues, privacy concerns, or fraud, waste, and abuse reports may be made through the following and will be promptly investigated:

- ❖ Phone: 855-296-9083 - Toll-free for US & Canada
- ❖ Internal Workforce Members Online form: Blueshieldca.ethicspoint.com
- ❖ External Online form: Blueshieldcaexternal.ethicspoint.com

C. Confidentiality and Non-Retaliation

Every effort will be made to keep reports confidential and anonymous to the extent possible as permitted by applicable law and circumstances. There will be instances where the identity of the individual making the report will have to be disclosed. However, Blue Shield Promise has and enforces a strict non-retaliation policy for raising or reporting concerns in good faith. Blue Shield Promise will not tolerate any form of retaliation for staff who, in good faith, raise a concern,

report an actual or potential violation of law, the Code or Company policy, or participate in an investigation. Retaliation is any action that affects the terms or conditions of employment (e.g. termination, suspension, demotion, or reduction in compensation or responsibilities) due to raising a concern, making a report or participating in an investigation. Any person who retaliates or threatens to retaliate against an individual for raising a concern, reporting an actual or potential violation, or participating in an investigation will be subject to disciplinary action, up to and including termination of employment.

SECTION V - ENFORCEMENT AND DISCIPLINARY STANDARDS

A. Overview

Workforce members, Board Members, and Subcontractors are provided copies and have access to the Code of Conduct, The Program, and Anti-Fraud Plan on the internal and external websites. Furthermore, they have access to relevant organizational policies and procedures. Blue Shield Promise will promptly ensure enforcement of the organization's standards when non-compliance or unethical behavior is identified and maintain records of disciplinary actions for a minimum of 10 years.

B. Conduct Subject to Enforcement

Workforce members, Board Members, and subcontractors are subject to appropriate disciplinary and/or corrective actions when found in violation of Blue Shield Promise's standards, state and/or federal laws and regulations, or contractual obligations. Individuals may be disciplined for conduct including, but not limited to:

- ❖ Filing false or improper claims
- ❖ Violations of state and/or federal laws and regulations, as well as contractual obligations
- ❖ Failure to perform the obligation to report suspected or actual:
 - non-compliance or unethical behavior
 - fraud, waste, or abuse
 - HIPAA privacy or security violations
 - policies and procedures violations

C. Enforcement and Discipline

We enforce The Program through well-publicized disciplinary guidelines that contain clear and specific standards and articulate our expectations for compliance with the Code of Conduct, policies and procedures, the law and regulatory standards. These are communicated to workforce members through the aforementioned trainings, Compliance Intranet, the Employee Handbook, and through normal course of business between people managers and staff. Individuals who violate Blue Shield's Code, company policies or the law, or any managers who fail to appropriately oversee compliance by those they supervise, are subject to

investigation and disciplinary action up to and including termination of employment, assignment, or contract, as applicable. Depending on the Code violation, misconduct and circumstances, a criminal referral and reports to law enforcement or government agencies may also be warranted. Disciplinary records include incident and investigation dates, descriptions of violations, investigation findings, and disciplinary actions.

SECTION VI - MONITORING, AUDITING, AND COMPLIANCE OVERSIGHT

A. Overview

Blue Shield Promise maintains an effective system for routine monitoring, auditing, and identification of compliance risks through established protocols and day-to-day compliance initiatives.

B. Monitoring and Auditing

Internal Monitoring

The Blue Shield Promise Compliance Department has implemented a robust suite of monitoring processes, mechanisms, and tools designed to track and trend compliance with Medi-Cal regulatory requirements. Detailed procedures are captured in the *Oversight and Monitoring Program* document, and include elements of key performance indicators, verification studies, regulatory reporting management, and implementation oversight. Activities of focus are reassessed on an ongoing and risk-based basis and are subject to change. Activities are done by Compliance staff on various frequencies as well as on an ad-hoc basis.

Internal Auditing

The Vice President of Internal Audit reports directly to the Audit Committee of BSC Promise Board of Directors and administratively reports to Blue Shield's Chief Financial Officer. The Internal Audit Department is not a part of the Chief Risk & Compliance Officer's organization. The Internal Audit team conducts an independent annual risk assessment of Blue Shield's operational, financial, compliance and technology functions. The Internal Audit team considers input from Medi-Cal Compliance when developing the annual audit plan and scoping specific audits to ensure focus on the most high-risk areas. Quarterly reports are made to the Compliance Committee on audit results and corrective actions.

A large majority of the Internal Auditors maintain at least one or more certifications including (but not limited to), Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner and Certified Public Accountant.

C. Oversight of Subcontractors

Blue Shield Promise does not delegate program integrity and compliance functions to subcontractors. Blue Shield Promise does require subcontractors and to maintain robust program integrity and compliance programs within their organizations, supported by policies and procedures, timely reporting of suspected events and disciplinary actions. Blue Shield Promise has the right to audit these programs at the Plan's discretion to ensure program integrity and program requirements are being met. Subcontractors must adhere to all Medi-Cal program requirements.

The Delegation Oversight Department, along with the Delegation Oversight Committee (DOC), has the responsibility of ensuring compliance with Medi-Cal Program requirements through pre-delegation audits, annual audits, reporting, and financial compliance monitoring. All subcontractors, as referenced in Exhibit B - Delegation Reporting & Compliance Plan, are subject to these oversight measures in accordance with policies and procedures. Oversight measures may include review of organizational structure and system capacities, policies and procedures, and operational performance which include regulatory compliance with Medi-Cal Program requirements.

Deficiencies or non-compliance identified are raised promptly with the entity and captured in the respective report. Corrective Action Plans (CAP) are issued for deficiencies or non-compliance. The Delegation Oversight team continues to monitor the CAP until all deficiencies are addressed. If an audit is unsatisfactory, the Delegation Oversight team conducts a follow-up audit to ensure identified deficiencies are corrected.

The annual audit findings are reported to the DOC. Providers failing to comply with CAP requirements may be referred to the Delegation Oversight Committee as a High-Risk delegate and will be subject to the escalation policy. The DOC utilizes unannounced audits as a mechanism to address financial solvency audits, whistleblower concerns or continued noncompliance. The DOC has responsibility for approval of the reports and any necessary escalation up to and including de-delegation.

D. Exclusions From Medi-Cal Program Participation

Blue Shield Promise does not employ, contract, or pay health care providers, workforce members, Board Members, and subcontractors who are excluded or suspended from participation in state or federal health care programs such as Medicare and Medi-Cal. Blue Shield Promise will screen exclusionary databases upon employment and/or contracting and monthly thereafter to ensure individuals and entities are not suspended or excluded, or become suspended or excluded from participation. Blue Shield Promise will screen against the OIG-LEIE List of Excluded Individuals/Entities, The System of Award Management (SAM), DHCS

Suspended and Ineligible Provider List, DHCS Restricted Provider Database, to the extents applicable for each group.

If Blue Shield Promise learns of any current workforce member, Board Member, subcontractor or health care provider is excluded or suspended, the organization will promptly remove them from employment and/or terminate the contract.

Payment may not be made for items or services furnished, or prescribed by an excluded person, or entity. Payments made to an excluded person or entity after the effective date of suspension or exclusion are subject to repayment and recoupment. The Chief Compliance Officer, or their designee, will report to required regulatory agencies, as appropriate, within the regulatory and contractual timeframes.

SECTION VII - RESPONSE AND REMEDIATION

A. Overview

Blue Shield Promise maintains systems for prompt responses to non-compliance issues as they are identified through reporting, investigations, monitoring, internal and external regulatory audits, and through normal course of business. The objective is to correct and reduce potential for reoccurrence.

Upon receipt of a report or notice of suspected or actual non-compliance with laws, regulations, contractual obligations, and organizational policies and procedures including but not limited to The Program, Code of Conduct, and Anti-Fraud Plan, Blue Shield Promise initiates prompt response and remediation. The Compliance Department, in addition to other Corporate Compliance partners, gather all relevant facts and required information as it related to the suspected or actual non-compliance prior to determining the next plan of action.

The Chief Compliance Officer, in partnership with other Corporate Compliance Partners, will implement any corrective and/or disciplinary actions. Responses include but are not limited to:

- ❖ Recommending and/or initiating a formal investigation of the allegation of non-compliance
- ❖ Development of disciplinary actions, sanctions, or termination of employment or contract
- ❖ Issuance of Corrective Action Plans to operational department management, which includes a root cause analysis and specific steps to remediate non-compliance. The senior leader of the operational department will be required to approve the CAP, as well as the Chief Compliance Officer or designee.

B. Compliance Investigations

All investigations of actual or potential violations of the Code of Conduct are reported to Corporate Compliance & Ethics. Actual and potential violations of the Code are investigated whether they involve workforce members, Board of Directors, subcontractors. Regardless of origin, all reported violations are taken seriously and investigated and, as appropriate, reported to senior leadership and the Board.

Suspected non-compliance with Medi-Cal Program requirements and FWA are reported to the Medi-Cal Compliance Department and the SIU. Should there be insufficient information available at the time of the report or identification, or further investigation is deemed necessary, a formal investigation will be initiated. All investigations are documented including detail on the outcome and corrective actions taken.

C. Corrective Actions

Blue Shield Promise Compliance maintains a Corrective Action Plan program that includes principles of root cause analysis and development of specific activities to address the root cause(s) to correct the non-compliance. The Medi-Cal Compliance Department works to implement corrective actions in conjunction with the operational department management. The need for corrective action plans may be identified through reports, routine oversight and monitoring activities, compliance investigations, external regulatory audits, or during normal course of business. The principles and procedures that govern CAP development are captured in the CAP Development Guide. CAPs are stored in Blue Shield Promise's Governance, Risk, and Compliance system of record, Archer. CAPs are required to be developed by department management of the operational department and subject to approval by the senior leader responsible for the operational function. CAPs are reviewed by the Chief Compliance Officer as well. Corrective Action Plans are monitored to completion with review of evidentiary documentation to validate actions addressed the deficiency.

All corrective actions that involve fraud or abuse will be reported or escalated according to the Blue Shield Anti-Fraud Plan. Corrective action that involved violations of the Code will be addressed according to the Compliance and Ethics Program.

SECTION VII - FRAUD, WASTE AND ABUSE

A. Fraud Prevention Officer

The Blue Shield Promise Chief Compliance Officer serves as the Fraud Prevention Officer. The Chief Compliance Officer maintains a staff of experienced and specialized investigators, including the Senior Director of Special Investigations Services who leads the day to day operations of Fraud, Waste, and Abuse activities and the implementation of the Anti-Fraud Plan. The Chief Compliance Officer, the

Senior Director of Special Investigations, or a designee will engage with DHCS on coordination of fraud referrals, investigations, reporting, and participation in the quarterly Program Integrity meetings.

B. Investigative Responsibilities

The Blue Shield Special Investigations Unit (SIU) is the main functional business area responsible for anti-fraud investigations. Blue Shield investigates and pursues prosecution of health care fraud and abuse. Suspected workforce member, provider or member fraudulent activities are reported to the SIU. When a potential incident is discovered involving the Medi-Cal Program, specialists in fraud investigations are engaged to conduct the investigation, reporting their findings to the Senior Director of Special Investigations.

The SIU also reports investigative activities to DHCS Program Integrity Unit in the manner and timeframes required per the DHCS contract and maintains an open line of communication and cooperation with DHCS partners, Office of the Attorney General, and the United States Department of Justice to meet the ultimate goal of mitigating fraud, waste, and abuse of the Medi-Cal program.

C. Anti-Fraud Plan

For more information on Blue Shield Promise's Fraud, Waste, and Abuse Program, refer to Exhibit A - Anti-Fraud Plan.

Exhibit A - Anti-Fraud Plan

A copy of the current Blue Shield Promise Anti-Fraud Plan is available upon request.

Exhibit B – Delegation Reporting and Compliance Plan

A copy of the current Blue Shield Promise Delegation Reporting and Compliance Plan is available upon request.

Exhibit C – Code of Conduct

A copy of the current Blue Shield Code of Conduct is available upon request.

Exhibit D – Compliance Committee Charter

A copy of the current Blue Shield Promise Compliance Committee Charter is available upon request.