Blue Shield of California

Code of Business Conduct

ethical you, ethical blue

blue of california
blueshieldca.com
Blue Shield of California’s Code of Business Conduct

Our Mission
To ensure that Californians have access to high-quality health care at an affordable price.

Our Vision
Internally, we’re driven by the desire to work/join together to create innovative solutions to people’s health needs. We express this as our vision: “Doing great things together.”

Our Values
We value the beliefs and behaviors that make a difference in health care and that define leadership in this industry. As part of the daily practice at Blue Shield, we:

- **Do the right thing**
  We act with integrity and adhere to ethical business practices.

- **Place customers at the center of all we do**
  We build strong relationships and act with our customers’ needs in mind.

- **Keep promises**
  We meet our commitments.

- **Take risks and stay creative**
  We innovate and courageously challenge the status quo.

- **Promote an environment of personal and professional fulfillment**
  We value success for both the individual and the organization.

- **Maintain our Blue Shield heritage**
  We’re dedicated to our mission of improving access to affordable health care in California.
# Blue Shield of California’s Code of Business Conduct

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Living Our Values

Blue Shield of California and its subsidiaries are committed to doing the right thing. It is the first of our Company Values. Integrity, honesty, and compliance with our policies and the law guide the way we do business. These principles are the foundation of our Code of Business Conduct, and of the Corporate Compliance and Ethics Program overall.

The Code gives us a framework for doing business the right way. It provides standards of conduct that enhance the efficiency and effectiveness of our organization and help us fulfill our mission to ensure that Californians have access to high-quality health care at an affordable price. By adhering to the principles of the Code, we exemplify what it means to do the right thing.

The Corporate Compliance and Ethics Department helps everyone at Blue Shield understand and follow the Code. This is done through educating employees, leased workers and members of the Board of Directors about what it means to think and act ethically. Each of you must be dedicated to ethical business conduct, and maintain and model a culture of integrity by ensuring that every workplace decision is made in accordance with the letter and spirit of the Code. Your behavior has a ripple effect, and how you conduct yourself and make decisions in the workplace has an outward effect that can impact your reputation, as well as the reputation of other workforce members and Blue Shield.

Your support for the Code will enable us to serve consumers in a professional, caring manner. Please read this Code carefully. It is only through your knowledge of and commitment to the principles of the Code that we can ensure our integrity, reputation and commitment to doing the right thing. You are responsible for knowing, understanding, and complying with the Code. If you have any questions at all about the Code and the ethical standards it sets forth, please contact your supervisor or any member of our Corporate Compliance and Ethics Department.

Bruce G. Bodaken
Chairman, President & CEO
Doing Business the Right Way

Fulfilling Our Mission

The success of Blue Shield of California and its affiliates (collectively, Blue Shield or the Company) depends on the ability of individual employees and leased workers\(^1\) (collectively, workforce members) to build trusting relationships with fellow workforce members, customers (e.g., employer groups, members and subscribers), business partners (e.g., suppliers, vendors, producers and providers), regulators and the community within which we operate. Achieving our mission within the complex and dynamic health care industry requires that we always strive to conduct our business activities in an honest and fair manner. We want to “do the right thing” because it is the right thing to do.

The Code of Business Conduct (the Code) provides compliance and ethics standards and guidelines to follow when conducting business for Blue Shield and its subsidiaries. The Code applies to every workforce member providing services to Blue Shield, and every member of our Board of Directors (the Board). Failure to comply with these standards may subject you to disciplinary action, up to and including termination of employment, assignment, or contract, as applicable.

If you have questions about the Code, you are encouraged to discuss them with your supervisor\(^2\) or the Corporate Compliance and Ethics Department staff. For additional information, go to the Corporate Compliance and Ethics Department intranet site or the Human Resources intranet site for employment-related matters, or look for Pauley C. Hero throughout this document, as he is here to help answer your questions.

Choosing the Right Course

The Code does not address every possible ethical or legal issue that you might face. It is important for you to understand our Company Values, the Code, and Blue Shield’s policies, and then consider your options in each situation, using your integrity and good judgment. If there is a law, Company policy, or Blue Shield value to guide your decision-making in a particular situation, follow it. If there isn’t, ask yourself:

- Is there something about the situation that could damage Blue Shield financially, or harm its reputation?
- If I presented the situation to someone I respect, what would that person say?
- Would I or Blue Shield be embarrassed if the situation became public?
- Do I have all the facts?
- Do I have enough information to make a good decision?
- Is there a better alternative?
- Is this action honest and ethical in all respects, and consistent with the letter and spirit of the Code?

Never engage in illegal or dishonest acts – even if told to do so by a supervisor or fellow

\(^1\) Leased workers are employees of another company, such as a staffing company or a professional employment company (collectively “Staffing Suppliers”), who provide services to Blue Shield on an assignment from a Staffing Supplier. If you are a leased worker, you may contact a Blue Shield supervisor, your employer or the Corporate Compliance and Ethics Department regarding a question about the Code. The Corporate Compliance and Ethics Department may partner with your employer to investigate and/or address any Code-related issues.

\(^2\) The term “supervisor” is used here to refer to any person at Blue Shield, regardless of title, who exercises supervisory responsibilities over another workforce member.
workforce member – and never direct others to do so. Be sure to immediately report any such situation to one of your Compliance Resources, which are listed at the end of this Code. These Compliance Resources are available to you at any time to ask questions, obtain more information, or report a concern. While employees are always encouraged to talk with their supervisor, anyone is free to contact any of the Compliance Resources, at any time.

**Compliance with the Law and Blue Shield Policies**

Blue Shield is subject to a wide variety of federal, state, and local laws. These include (but are not limited to) laws governing confidentiality of medical records, personally identifiable information, health plan and insurance regulatory requirements, government contracts, kickbacks, fraud, waste and abuse, false claims and provider payments. All Blue Shield workforce members are expected to comply with these laws, as well as with Blue Shield’s policies that apply to their work, and are responsible for asking questions when uncertain about the legality or propriety of particular conduct. If there is a doubt as to the appropriateness of any action, be sure to seek advice from your supervisor or contact the Corporate Compliance and Ethics Department before proceeding.

If you are concerned about the legality of an action, consult an attorney in the Blue Shield Law Department.

Blue Shield also expects its business partners and those who act on their behalf to conduct themselves in an ethical and legally compliant manner when engaged in business on Blue Shield’s behalf. The Code is available on the Blue Shield website at [www.blueshieldca.com](http://www.blueshieldca.com), and we encourage those with whom we do business to read the Code and embrace values and standards similar to those reflected in the Code.

**Blue Shield’s Corporate Compliance and Ethics Program**

Our Company Values are the heart of the Blue Shield Corporate Compliance and Ethics Program and its Code.

Blue Shield’s Corporate Compliance and Ethics Program is designed to detect and prevent illegal or unethical conduct, as well as promote integrity and honesty in our operations. It is the job of every workforce member, business partner, and Board member to assist in preventing and/or reporting actual or potential violations of the Code. Reporting actual or potential violations is not an act of disloyalty. Rather, it shows responsibility and integrity to other workforce members, business partners, Board members and to our members. It also strengthens our reputation. Compliance is everyone’s business.

**Role of Supervisors**

Supervisors have a duty to create a work environment that encourages ethical and legal behavior. This duty includes being a role model, ensuring that staff take all required training, and understand and apply the Code. Supervisors are required to report the required training completion status of their employees on their annual performance evaluations, and note failure to complete any training within the specified timeframe. Supervisors must listen to their staff and act on their concerns, including reporting actual or potential violations.
violations, or other inappropriate behavior, to the Corporate Compliance and Ethics Department or another appropriate Compliance Resource listed at the end of this Code.

**How to Report Violations**

All workforce members and Board members must report any actual or potential violations of the Code. We encourage our business partners also to report actual or potential violations of the Code to Blue Shield.

You should not hesitate to report potential violations or to ask questions about compliance issues any time, whether the issues involve your own activities or the activities of someone else. For employees, matters involving management style or Human Resource policies are issues generally more appropriate for discussion with your supervisor or HR:Connect. Leased workers should speak with their employer regarding any Blue Shield employment practice or management style questions. If you are in doubt as to whether something is a violation of the Code, ask questions or discuss the matter with your supervisor or the Corporate Compliance and Ethics Department.

Reports may be made in person, by telephone or by submitting an online Compliance Inquiry Report. The forms are available from HR:Connect or on the Corporate Compliance and Ethics Department intranet site: http://myworkpath.com/corpcompliance/onlinecomplianceinquiryform.htm.

Additionally, reports may also be made to Blue Shield’s toll-free, anonymous compliance Help Line at (888) 800-2062 or by email sent to corporate-compliance@blueshieldca.com. You may also make a report to any of the Compliance Resources listed at the end of this Code. While anonymous reports will be investigated, giving your name may prove helpful if further information is needed to proceed with an investigation.

Blue Shield takes all complaints seriously and wants the opportunity to both resolve any problems that may arise and to take steps to prevent them from recurring. All reported concerns will be investigated promptly to determine if a Code violation has occurred. All workforce members are expected to cooperate with these investigations. Workforce members must not share any information about known investigations, and are prohibited from conducting their own investigations.

Investigations will be conducted in a discreet manner, and efforts will be made to conduct them with the utmost confidentiality. Your name will not be disclosed unless: 1) an outside agency (e.g., law enforcement or a government agency) becomes involved and requires such information; 2) Blue Shield is legally required to disclose your name (e.g., by subpoena or court order); or 3) it becomes necessary or appropriate in the course of, or following, the investigation (in such an event, disclosure will be done on a strictly need to know basis).

**Prohibition on Retaliation**

Blue Shield will not tolerate any form of retaliation against a person for good faith reporting of any actual or potential compliance issue. Retaliation includes any form of retribution such as a change in responsibilities, a job transfer, or discipline that results from a good faith report of a violation. Retaliation is a separate violation of the Code and should be immediately reported. Any person who threatens an employee for reporting a violation will be disciplined up to and including termination of employment, assignment, or contract, as applicable. Supervisors that are aware of an active compliance investigation must refrain from questioning anyone in an effort to determine who might have reported the possible violation, as such behavior could give the appearance of retaliation.
Cooperating with Government Audits and Investigations

From time to time, Blue Shield may be asked to cooperate with government audits or investigations, or to respond to a request for information from the government about how Blue Shield conducts its business. The request may come through official channels from the government to Blue Shield management, or, in rare instances, you could be contacted directly by a member of an enforcement agency, such as the Federal Bureau of Investigation, the Office of Inspector General or the state or federal Departments of Justice. It is Blue Shield’s practice to cooperate fully with government agencies concerning audits, inquiries, and investigations.

When Blue Shield receives official requests for information or cooperation, Blue Shield will notify you of your responsibilities and duties in connection with providing such information and cooperation. If you are directly contacted by government investigators and are asked to meet with them individually to discuss activities in connection with your employment by Blue Shield, you are free to do so or not to do so, and in either case you will not be subject to discipline or retaliation as a result of your decision. If you are contacted directly, however, Blue Shield requires that you immediately notify the Director of Corporate Compliance and Ethics, or the Chief Compliance Officer, or an attorney in the Law Department, and inform them that you have been contacted. If you decide to speak with government investigators, be sure that you are accurate and truthful in all your answers to their questions, because if you are not, both you and Blue Shield could be subject to serious legal ramifications.

Although you are free to cooperate individually with government investigators, you may not provide Blue Shield documents, data, or confidential information in response to a government request for information without first obtaining authorization from an attorney in the Law Department.

Discipline

Individuals who violate Blue Shield’s Code, or any supervisor who fails to appropriately oversee compliance by those he or she supervises, are subject to investigation and disciplinary action up to and including termination of employment, assignment or contract, as applicable. Depending on the Code violation, a criminal referral and reports to law enforcement and government agencies also may be appropriate.

Blue Shield’s Employment Practices

Blue Shield’s Human Resources Department is responsible for overseeing Blue Shield’s procedures regarding the hiring, promotion, compensation, discipline, and discharge of employees and matters related to employee safety, health, environment, as well as harassment and discrimination. It is each employee’s responsibility to read, understand, and comply with the Human Resources Department’s policies and procedures. For detailed guidance, employees should consult their supervisor, the Employee Handbook, HR:Connect and/or the Human Resources intranet site.

Federal laws and regulations provide for the exclusion of individuals from participating in federally-funded programs if they are identified on exclusion lists maintained by the federal government. Blue Shield will routinely review the government’s exclusion lists to ensure that Blue Shield is compliant with these requirements for all workforce members, Board members, and business partners. Any employee or Board member who becomes subject to such exclusion or debarment shall report this fact immediately to the Director of Corporate Compliance and Ethics or the Chief Compliance Officer. Leased workers should report this fact immediately to
their employer. Business partners should immediately report this fact to the Corporate Compliance and Ethics Department.

**Conflicts of Interest**

**Overview**

A Conflict of Interest occurs when an outside activity or the exchange (e.g., offer, receipt or solicitation) of an Item of Value (tangible and intangible benefits and favors, including cash, gifts, prizes, tickets, supplies, food, entertainment, transportation, lodging, personal services, or special opportunities), influences, or appears to influence, the ability to do your job at Blue Shield, particularly your ability to make objective decisions in the best interest of Blue Shield.

Workforce members, Board members, and business partners need to be sensitive to actual and perceived Conflicts of Interest. Should workforce members or Board members wish to engage in an activity that may give rise to an actual or perceived Conflict of Interest, or exchange an Item of Value (that is not an Approved Circumstance, as detailed below), they must disclose it promptly to the Corporate Compliance and Ethics Department.

All employees and Board members are required to complete a Blue Shield Conflict of Interest Attestation at least once per year. All leased workers are required to do so within 30 days of beginning their assignment at Blue Shield. As actual or potential conflicts arise during the year, it is your responsibility to fully disclose this new information to the Corporate Compliance and Ethics Department by submitting a Conflict of Interest Questionnaire, found on the Corporate Compliance and Ethics Department intranet site. There is no limit on the number of new or updated Conflict of Interest Questionnaires you may submit each year.

**Activities that Create a Conflict of Interest**

A Conflict of Interest exists when an activity influences, or appears to influence, your ability to do your job at Blue Shield, particularly your ability to make objective decisions in the best interest of Blue Shield. If an employee is aware of any actual or potential Conflicts of Interest involving him/herself or another Blue Shield workforce member, the employee must report this information to the Corporate Compliance and Ethics Department for additional guidance. Leased workers must report this information to their employers. You should not participate in an activity that might give rise to an actual or perceived Conflict of Interest, unless it is approved by the Corporate Compliance and Ethics Department. The following are examples of potential Conflicts of Interest which must be reported for a determination of whether they are prohibited (this is not an exhaustive list):

- Placing business with any person or enterprise in which you or your immediate family members have a direct or indirect Substantial Interest. “Substantial Interest” means one percent (1%) or more of the equity of the business. “Immediate family” means parent, grandparent, spouse, domestic partner, sibling, child, grandchild or comparable relationship.

- Involvement in or with (1) any person or enterprise that contracts with, or directly competes with Blue Shield, excluding leased workers relative to their employer with whom Blue Shield has a contract; or (2) any vendor that contracts with a direct competitor of Blue Shield. Involvement means serving as a paid employee, consultant or Board member, having a Substantial Interest in the company or receiving payments from the company.
Engaging in outside activities that adversely affect your normal business hours or Blue Shield duties.

The following are examples of prohibited Conflicts of Interest, which must also be reported to the Corporate Compliance and Ethics Department (or, for leased workers, reported to their employer) (this is not an exhaustive list):

- Hiring or supervising an immediate family member
- Choosing one vendor over another based on a personal relationship and not objective criteria related to the vendor’s capabilities to provide services to Blue Shield
- Exerting or appearing to exert influence over a Blue Shield-related decision (on behalf of those with whom Blue Shield does business or may do business) because of friendship or any other non-objective basis
- Using Blue Shield’s confidential or proprietary information for the personal profit or advantage of yourself or anyone else
- Representing Blue Shield in a way that could harm its reputation
- Engaging in outside activities that adversely affect your duty of loyalty as a Blue Shield workforce member or Board member

Here is an example of a prohibited Conflict of Interest:

Pauley C. Hero, I’m a supervisor and often retain leased workers for my department. My sister happens to be highly qualified for the type of work my department does. May I engage her services?

No. Although she may be qualified, hiring or retaining your sister would create a Conflict of Interest. Your sister is not precluded from working for the Company. However, she may not be supervised by you, nor can you be involved in the decision to hire or retain her.
Items of Value that may Create a Conflict of Interest

A Conflict of Interest also exists when the exchanging of an Item of Value influences, or appears to influence, your ability to do your job at Blue Shield, particularly your ability to make objective decisions in the best interest of Blue Shield. The exchange of Items of Value (irrespective of cost) may create an actual or perceived Conflict of Interest. The following sections provide guidance to help workforce members understand when the exchange of an Item of Value is prohibited or allowed, and when to seek guidance from the Corporate Compliance and Ethics Department.

Prohibited Circumstances for Items of Value

Under the following circumstances, exchanging an Item of Value (by you, on your behalf or on behalf of Blue Shield), to or from a current or potential Blue Shield business partner, is prohibited:

- When the Item of Value is more than $150 (calculated as the total value of all Items of Value exchanged in a rolling ninety day period, to or from the same individual or entity), except as provided in the section below on “Approved Circumstances for Items of Value”

- When the Item of Value is less than $150 and it is understood (or would appear to a reasonable person) that it is being exchanged for special treatment or a business advantage that would not otherwise exist

- When the Item of Value is less than $150, but if exchanged, would reflect negatively on Blue Shield’s reputation, including its reputation for impartial decision-making

- When the Item of Value is cash, a check or other cash equivalent (such as a traveler’s check or a credit card gift card), regardless of amount

If you are unsure as to whether something that you wish to exchange is a prohibited Item of Value, consult with the Corporate Compliance and Ethics Department for a determination.

Please note: any exchange that would be improper if made by a Blue Shield workforce member is also improper when made by a business partner or Board member, if done on behalf of Blue Shield. If you know or have reason to know that an improper exchange has been or will be made in a transaction involving or benefiting Blue Shield, you must immediately disclose this information to the Corporate Compliance and Ethics Department. The making of any payment to a third party for any purpose other than that disclosed on the supporting financial documentation is also prohibited.

Here is an example of how to apply the $150 Items of Value limit:

Pauley C. Hero, a vendor my department has been working with gave me a ticket to a sporting event. The ticket price was $90. A month later, during the holidays, the same vendor sent me a bottle of wine worth $70. Since each item is under $150, does accepting both Items of Value violate the Code?

Yes. Their combined value exceeds $150, so the Code prohibits you from accepting both Items of Value during a ninety day period, unless you were given prior approval, consistent with one of the Approved Circumstances detailed in the Code (below).
Approved Circumstances for Items of Value

Exchanges of Items of Value that do not present a prohibited Conflict of Interest are known as Approved Circumstances. The following list details Approved Circumstances (for Items of Value) that do not require reporting to the Corporate Compliance and Ethics Department as a potential Conflict of Interest:

- The Item of Value is exchanged as a requirement of a contract between the customer or business partner and Blue Shield. For example, if the contract with the vendor says that Blue Shield will pay for the vendor’s transportation expenses to attend a meeting, doing so is allowed.

- The Item of Value is exchanged by Blue Shield as part of a documented business program approved, in writing, by a Blue Shield Senior Vice President or above. For example, gifts given by Blue Shield as part of an established program rewarding producers are allowed.

- The Item of Value is a political contribution solicited as part of a Blue Shield Public Affairs program, approved by Blue Shield’s General Counsel.

- The Item of Value is a charitable contribution solicited by a Blue Shield Senior Executive (Vice President and above) and the solicitation has been approved by the Executive Council member to whom the Senior Executive reports. Such solicitation must be consistent with the charitable solicitation policy established by the Executive Council.

- The Item of Value exchanged is in excess of $150, but has been approved in advance and in writing by the Chief Executive Officer. (If an employee wishes to seek such approval, the Corporate Compliance and Ethics Department should be contacted to facilitate review of the request to the Chief Executive Officer).

- The Item of Value is a BusinessCourtesy (typically a meal or entertainment) and is exchanged as part of a business activity that supports a legitimate Company purpose, and all of the following requirements are satisfied:

  1. The value of the Business Courtesy must not exceed $250 in a rolling ninety day period, unless approved in advance and in writing by the Chief Executive Officer.
  2. The host (either a Blue Shield employee from the business area offering the Business Courtesy, or a representative from the third party from whom the Business Courtesy is received) is present at the meal/activity.
  3. Topics of a business nature are discussed.
  4. The cost of the Business Courtesy is within the budget of the Blue Shield business area hosting the activity (if Blue Shield is offering the business entertainment).
  5. The cost of the Business Courtesy is reasonable and customary (i.e., not extravagant).
  6. The combined value of the Business Courtesy and any gifts should not exceed $250 in a rolling ninety day period (i.e., it would not be acceptable for a Blue Shield salesperson to treat a potential customer to a business dinner and theater event costing $250, and thirty days later offer that same individual a bottle of wine valued at $75).
  7. If Blue Shield is offering the Business Courtesy, the cost is expensed consistent with Blue Shield’s Business Travel and Expense Reimbursement Policy.

- The Item of Value is given voluntarily between workforce members to recognize special occasions (e.g., birthdays, work anniversaries, etc.) or business achievements. (Note: such Items of Value are personal expenses and should not be submitted for reimbursement by Blue Shield, unless expressly permitted in Blue Shield’s Business Travel and Expense Reimbursement Policy.) Items of Value that are given to influence work or other business decisions, gain favor, or show favoritism are prohibited.
Here is an example of an Approved Circumstance:

**Pauley C. Hero**, a Blue Shield sales director treated an employer group client to a meal and round of golf, costing a total of $200. This was the first time this client was treated to such activities, and of the cost is within the sales director’s budget. During both the meal and the golf, the sales director discussed various health plan options for the employer group. Is this expense allowed under the Code?

**Yes,** under the Code, the activities described are deemed Business Courtesies. Business Courtesies that meet several requirements detailed in the Code are considered approved, meaning the items of Value exchanged may exceed $150 (but not $250) in a rolling ninety-day period.

**Guidelines on Conferences**

Because there is a strong appearance of a Conflict of Interest, and a possible adverse impact on Blue Shield’s reputation, offers made by business partners to pay for conference-related expenses should not be accepted, unless approved, in advance, by the Corporate Compliance and Ethics Department. Even if you have been asked to speak at the conference in question, written authorization must be obtained prior to accepting any payment or financial advantage from a business partner for conference-related expenses. Leased workers should seek such approval from their employer.

Stipends and honoraria offered to a workforce member by a business partner, under any circumstances, are considered cash or cash equivalents and cannot be accepted.

**Bribes, Rebates, Kickbacks or Other Improper Payments**

No workforce member, Board member or business partner may pay to, or receive from, any person or entity, a bribe, rebate, kickback, or any similar improper payment. A bribe, rebate, kickback, or improper payment is a benefit for influencing or authorizing the purchase of goods or services or other action by Blue Shield that is given to you, your family or a third party with whom you are related or affiliated. Bribes, rebates, kickbacks or other improper payments can take many forms and are not limited to monetary gifts and can include meals, drinks, entertainment, hospitality, passes, promotional items, or use of a giver’s name, materials or equipment.

Workforce members, Board members and business partners may not use inappropriate gifts, excessive entertainment, or any other means to improperly influence customers or potential customers or even other workforce members. If employees or Board members become aware of or receive a request for an improper payment or benefit, they should immediately contact their supervisor or the Corporate Compliance and Ethics Department, as applicable. Leased workers should immediately contact their employer and the Corporate Compliance and Ethics Department.

Prohibitions against bribes, rebates, kickbacks or other improper payments apply broadly to employees, workforce members, Board members, and business partners who are involved in any federal programs such as Blue Shield 65 Plus, the Federal Employees Health Benefits Program, or the Blue Shield Medicare Part D plan.
Suspected Fraud, Waste and Abuse

Fraud, waste and abuse may occur in the health care industry in many ways, such as claims submitted for someone other than the member, or claims for services not performed. Seeking payment for such claims from the government could lead to penalties against the Company. Blue Shield’s Fraud, Waste and Abuse Program provides rules and guidelines for adhering to Medicare’s fraud, waste and abuse regulatory requirements.

“Try not to become a man of success, but rather try to become a man of value.”
Albert Einstein (1879-1955), Theoretical physicist

It is very important for workforce members, Board members and business partners to be alert to possible fraudulent or abusive practices across all lines of business including the submission of inaccurate data to the government. You must report any suspected fraud, waste and abuse (1) on the part of a member or health care provider to Blue Shield’s Special Investigations Department at (800) 221-2367, or (2) on the part of any workforce member, Board member or business partner to the Corporate Compliance and Ethics Department.

Information on Publicly Traded Companies

In performing your responsibilities for Blue Shield, you may become aware of material, non-public information about a public company. In that situation, state and federal securities laws make it unlawful for you to trade in the securities (e.g., stock and stock options) of the public company or even to share that information with others. Violations of these laws could lead to substantial fines and/or imprisonment. Be sure to keep the following guidelines in mind:

- Do not trade in securities of any public company about which you possess material, non-public information.
- Do not disclose any material non-public information about a public company to anyone outside Blue Shield, including spouses, relatives, friends or advisors.
- Do not disclose any material non-public information about a public company to anyone inside Blue Shield except those who have a business need to know such information.

It’s important to maintain any material non-public information about a public company in complete confidence. If you have any questions or uncertainty about trading in a public company’s securities because of information you received or learned in the fulfillment of your responsibilities for Blue Shield, please contact the General Counsel or an attorney in the Blue Shield Law Department. When in doubt, do not trade.

Doing Business with the Government

Blue Shield holds a number of government contracts. It is especially critical that we fully perform all obligations under each government contract carefully, completely and with the highest degree of honesty and integrity. The unique regulatory provisions of such contracts can subject the Company and individuals to severe penalties for breach of these laws. These laws prohibit certain business conduct for companies seeking to obtain work from, or performing contracts for, federal or state governments. Please consult with the appropriate Blue Shield department supervisor to determine if any part of a contract will be paid with government funds. If so, special clauses and accounting procedures may apply.
In addition to laws governing federal and state contracts, there are a number of other prohibitions and rules that must be observed when doing business with the government. Failure to abide by these laws can subject Blue Shield and you to civil or criminal penalties and may also result in disciplinary action against you, including termination of employment or assignment, and Blue Shield’s loss of its government contracts. The following basic rules apply when you are dealing with a government official or employee:

- Never offer or give gratuities or anything of value to any government official or employee.
- Never offer, give or accept, directly or indirectly, anything of value for the purpose of improperly influencing a decision or outcome or improperly obtaining or rewarding favorable treatment in connection with a government contract or subcontract.
- Never seek or obtain any confidential information about the selection criteria used in awarding government contracts.
- Never falsify or knowingly submit false information or data to the government.
- All bids, actuarial valuations, cost records, price estimates and time charges must be accurate and the records preserved for the period of time required by law. All claims under these contracts must be charged to the correct account and no unallowable costs may be included in claims presented to the government.
- Any deviation from the terms of, or changes in, how Blue Shield performs a government contract must be immediately reported to the appropriate department supervisor. (For example, deciding to outsource or terminate a service currently being performed under such a contract).
- A policy of full disclosure of relevant non-confidential information must be followed in negotiations for government contracts. All data and other information submitted for a contract must be current, accurate and complete.
- When signing a certification or attestation, be certain that it is accurate. Exercise great diligence before signing any certification or attestation. Prior to submitting any certification or attestation to the government, identify any problems with inaccurate or misleading data or assumptions as issues of concern in the certification or attestation and contact the source to resolve all problems.
- Never accept classified, procurement sensitive (e.g., budgets and evaluation criteria) or other confidential or proprietary information or data unless you are certain that the release has been properly authorized. If you are offered or inadvertently receive any such information or data without proper authorization, you must immediately notify the appropriate Blue Shield department supervisor and, until instructed by such supervisor, ensure that such information is secured from being disclosed, copied or destroyed.
- Complex restrictions apply to recruiting and hiring current and former government employees, which, therefore, require special caution in engaging in any such activities. Approval must be obtained from the Law Department before mentioning possible employment to a current government employee and before hiring a former government employee. Any inquiry regarding employment from current or former government employees must be immediately reported to the Law Department, and no response may be given without the Law Department’s approval.

When interacting with government employees, you must not only adhere to Blue Shield’s Code and the terms and conditions of Blue Shield’s government contracts, but also seek assurance
from the government employee or official that any exchange complies with his or her agency’s
code or standards of conduct, as well.

If you have questions or want additional information about any of the foregoing rules or your
responsibilities with respect to Blue Shield’s government contracts, please consult with your
supervisor or the Law Department.

**Medicare Beneficiaries**

Federal law strictly limits rewards, incentives and promotional activities for Medicare
beneficiaries enrolled in Medicare Advantage-Prescription Drug (MAPD) plans and/or Part D
Prescription Drug Plans (PDPs). Specific information regarding these limitations is available from
Blue Shield’s Medicare Compliance Department.

**Dealing with Our Competitors**

Blue Shield is committed to conducting business in a manner that helps maintain a free and
competitive market for our goods and services. Our goal is to ensure that our activities do not
interfere with the maintenance of fair and honest competition among our business competitors.
Failure to compete honestly can damage Blue Shield’s reputation.

Be sure to take special care to avoid engaging in anti-competitive activities or unfair trade
practices. Do not:

- Discuss provider pricing or supplier relationships with a competitor
- Agree among competitors to refuse to contract with particular business partners
- Agree to allocate the market with our competitors or to fix prices (these activities are always
  illegal)
- Solicit or obtain confidential information about a competitor in a manner that would be
  illegal, unethical or would require a person to violate a contractual agreement (such as a
  confidentiality agreement) with a current or prior employer

You must be especially vigilant when attending gatherings such as trade association meetings,
ensuring that you are not drawn into discussions of inappropriate topics such as pricing, labor
costs, and marketing plans. If you find yourself in such a situation, immediately end the
conversation, and if appropriate, ask that your refusal to participate be documented in meeting
minutes. Also, you must immediately report any such incident to the Chief Compliance Officer,
the Director of Corporate Compliance and Ethics, or an attorney in the Blue Shield Law
Department.

**Protecting Blue Shield Assets**

Blue Shield owns a variety of assets that are essential to our competitiveness and our success.
These include not only physical assets but also valuable confidential and proprietary information.
Loss or misuse of such assets jeopardizes our Company and our ability to compete in the market,
as well as the trust which our customers place in our care of their confidential information. If you
access or disclose confidential information, be sure you have the right to do so as part of your
Blue Shield responsibilities and only access or disclose such information in accordance with the
law and Blue Shield policies.

The use of Blue Shield funds or assets for any unlawful or unethical purpose is prohibited.
Confidentiality

Workforce members and business partners should keep confidential or proprietary information in a secured location in an office or work area, and not discuss it in public areas such as elevators, taxicabs or restaurants.

Safeguarding Company confidential and proprietary information is essential to maintain our competitiveness. All workforce members must complete Blue Shield Privacy training within Company specified timeframes. Any workforce member or business partner who, as part of their work with Blue Shield, has access to confidential information, must keep this information confidential. Confidential information may be divulged only to individuals within the Company who need to receive and are authorized to receive such information in order to perform their job functions. All records and files maintained by the Company are confidential and remain the property of the Company. Such information may not be used by any workforce member for the purpose of furthering current or future outside employment or for obtaining personal gain or profit. Records and files are not to be disclosed to any outside party or removed from company premises without the express permission of the Blue Shield Law Department.

Workforce members and business partners who violate this policy are subject to discipline, up to and including termination of employment, assignment or contract, as applicable. Upon commencement of work with Blue Shield, all workforce members are required to sign a Confidentiality Agreement. All workforce members are subject to these confidentiality covenants regardless of whether there is a separate confidentiality agreement or not. In addition, Board members and non-employee physicians serving as Blue Shield committee members must sign a confidentiality statement.

Confidential and Proprietary Information – about Our Company

Company confidential information, that is, confidential or proprietary information about Blue Shield or its business partners that is generally not known to the public, must be protected from public disclosure and unauthorized internal disclosure. Only workforce members who have a legitimate need for the information and have been properly authorized by the appropriate Blue Shield supervisor should be given such information. One careless slip on your part could reveal Company business plans to a competitor, which could cause great harm to the Company and could adversely affect your employment, assignment and/or contract, as applicable. Examples of such confidential or proprietary information include:

- Operational information
- Marketing data and sales information
- Group or provider records or contracts
- Pricing policies
- Information system and technical designs
- Business forecasts and strategies
- New business plans

Workforce members who leave Blue Shield may not take the original or copies, including electronic copies, of any confidential or proprietary information. Workforce members may not use or disclose Blue Shield confidential or proprietary information, without proper authorization,
while working at Blue Shield or after they leave the Company.

**Confidential Information - about Our Members and Insureds**

Blue Shield is in a trusted position concerning the medical information of its members and insureds. Workforce members obtain a variety of information that is proprietary and confidential. Serving our members and insureds requires that this information be protected, both to safeguard individual and plan privacy, and to comply with the law (visit the Privacy Office intranet site to learn more). Personal, medical and claims information about our members and insureds is subject to extensive legal requirements, including the provisions of the federal Health Information Portability and Accountability Act (HIPAA) and California’s Confidentiality of Medical Information Act (CMIA).

Unless you are specifically authorized to do so as part of your Blue Shield job responsibilities, you may not access, use or disclose any personal or health information (PHI) about our members and insureds. You may not access PHI even if the subject of the PHI gives you permission, unless it is a part of your job responsibilities at Blue Shield. Even then, such use or disclosure must be limited to the minimum necessary and must be made pursuant to applicable Blue Shield policies. Failure to properly protect PHI can result in government sanctions and civil liability as well as adversely affect your employment, assignment, or contract, as applicable. Always be vigilant in handling PHI. Be sure you understand and obey all the federal and state rules, and company policies and procedures, designed to protect PHI. Examples of PHI include (but are not limited to):

- Personal information such as name, address, birth date, phone number, social security number
- Medical information, including health status and medical history
- Claims payment and benefit information
- Membership status (i.e. the fact that someone is a Blue Shield member or insured)
- Provider/facility information about an individual

For additional information about PHI and how to properly handle it, please consult Blue Shield’s Confidentiality Release of Personal and Health Information policy, or contact the Blue Shield Privacy Office at (888) 266-8080.

**Confidential Information - about Our Workforce Members**

Confidential information concerning our workforce members must not be revealed, even to other workforce members, except when necessary for legitimate business purposes and as expressly authorized by the appropriate Blue Shield supervisor. Examples of such information include:

- Employee salary and earnings data
- Employee identification number
- Banking and financial information
- Information on health or family issues

You are free to reveal your own personal information but not that of others. If there is a doubt as to whether confidential information should be disclosed, you should seek advice from a Blue Shield supervisor or one of the Compliance Resources listed at the end of this Code, before disclosing the information or taking any further action.
Reviewing Your Own Medical Claims or Records

You are prohibited from using internal systems to view and/or adjust your own or your friends’ or family members’ medical, claims and other Company records containing PHI for any reason, and from viewing or adjusting other workforce members’ records, unless specifically authorized to do so by the appropriate Blue Shield supervisor. Questions regarding this prohibition should be directed to the Human Resources Department or the Privacy Office.

Proper Recording and Reporting of Business Information

You are expected to record and report Blue Shield business information completely, accurately and honestly. This is important in order to comply with the law and to ensure that records are available to document Blue Shield’s business practices and actions. You must correctly report all business-related activities that require recording and/or reporting of data. Failure to do so can result in adverse publicity for Blue Shield, lawsuits, fines, and criminal sanctions, and for the workforce member, discipline up to and including termination of employment, assignment or contract, as applicable. This data reporting includes, but is not limited to:

- Expense reports and/or invoices
- Blue Shield production and performance data
- Accounting books and records
- Financial, operational and performance reports
- Member eligibility records
- Sales records and contracts
- Vouchers and bills
- Payroll and claims payments

Compliance with this provision requires that you never:

- Intentionally create a false or misleading record
- Knowingly improperly alter or make false entries on, or willfully fail to make correct entries on, any Company record or document (This includes incorrect dating of any Company record or document)
- Guess at an answer on a document
- Intentionally omit or conceal relevant information
- Create secret or unrecorded funds or assets for any purpose
- Improperly alter or falsify information on any record or document

If you are ever asked to report data that is not accurate or truthful, or to wrongfully or illegally alter data in any Blue Shield record or document, refuse the request and immediately contact one of the Compliance Resources listed at the end of this Code.

Retention and Disposal of Information and Documents

Medical and business records must be retained and/or disposed of in accordance with the law and Blue Shield policy. This applies to paper and electronic records regardless of medium, file format or storage location. Records pertaining to a retention hold must not be destroyed without the express approval of the General Counsel. Destruction or alterations of records to avoid disclosure in a legal proceeding is forbidden and may be a crime. Details on records retention periods and retention holds may be found on the Records Management intranet site.
have a question concerning policies regarding the retention of a particular type of record or
document, please contact Blue Shield’s Records Management Administrator at
RecordsManagement@blueshieldca.com.

**Political Activities**

Blue Shield’s ability to participate in political activities is highly regulated by federal, state and
local law. Consequently, Blue Shield political activity must be approved by the Law Department.
You must not use Blue Shield assets to engage in political activities without the prior review and
written approval of the Law Department. In no event may Blue Shield assets be used for a
political cause, candidate or campaign without such prior review and written approval.

Workforce members are strictly prohibited from including political contributions on their Blue
Shield expense reports or invoices.

You are free to participate in the political process on your own time and at your own expense. If
you do so, you must make clear that you are speaking or acting on your own behalf, never
giving others the impression that you are speaking on behalf of Blue Shield, or otherwise
representing Blue Shield unless you work for Blue Shield’s Government Affairs Department and
have been authorized by the Vice President of Public Affairs to speak on behalf of Blue Shield.

**Compliance Training**

Each employee must complete Blue Shield’s training on the Code, Privacy, Information Security
and the Blue Shield Brand. Each of these new hire training courses must be completed within 60
days of starting work with Blue Shield. Leased workers scheduled to be on Blue Shield premises
for more than two weeks must complete Code training, and may be required to complete Blue Shield Brand
training, depending on their work assignment. Leased workers must also complete Privacy and Information
Security training, regardless of length of time on Blue Shield premises. All required training for leased workers
must be completed within 30 days of beginning their assignment for Blue Shield. Completion of the annual
Compliance Refresher Training for certain employees on
the Code, Privacy and Information Security is also
required. Adherence to the Code and completion of
the trainings may be considered in decisions regarding promotion, compensation and discipline
for all employees. Failure to complete required training in the allotted time may be grounds for
discipline and will be noted in employee performance evaluations. In addition to workforce
member training, all members of Blue Shield’s Board of Directors are trained annually on
compliance and ethics.

“All relationships - professional
and personal - are built on trust.
You can’t have trust without
ethics.”

Paul Markovich, Senior Vice President
and Chief Operating Officer,
Blue Shield of California
**Compliance Resources**

At Blue Shield, you have many resources available to assist you with your compliance questions and to provide you with additional information. These resources include your supervisor and:

<table>
<thead>
<tr>
<th>Resource</th>
<th>Contact Information</th>
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<tbody>
<tr>
<td>Corporate Compliance and Ethics Department:</td>
<td>Help Line: (888) 800-2062</td>
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<tr>
<td></td>
<td><a href="mailto:corporate-compliance@blueshieldca.com">corporate-compliance@blueshieldca.com</a></td>
</tr>
<tr>
<td></td>
<td><a href="http://myworkpath.com/corpcompliance">http://myworkpath.com/corpcompliance</a></td>
</tr>
<tr>
<td>Seth Jacobs, General Counsel:</td>
<td>(415) 229-5063</td>
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<tr>
<td></td>
<td><a href="mailto:seth.jacobs@blueshieldca.com">seth.jacobs@blueshieldca.com</a></td>
</tr>
<tr>
<td>K.C. Turan, Vice President, Chief Compliance &amp; Ethics Officer:</td>
<td>(415) 229-5408</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:kc.turan@blueshieldca.com">kc.turan@blueshieldca.com</a></td>
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<tr>
<td>Privacy Office:</td>
<td>Help Line: (888) 266-8080</td>
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<td></td>
<td><a href="mailto:privacy@blueshieldca.com">privacy@blueshieldca.com</a></td>
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<td></td>
<td><a href="http://myworkpath.com/PrivacyOffice">http://myworkpath.com/PrivacyOffice</a></td>
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<tr>
<td>Medicare Compliance:</td>
<td>(818) 228-2655</td>
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<tr>
<td>HR:Connect:</td>
<td>(877) 322-7348 or (916) 350-6348 for employees in El Dorado Hills or Lodi</td>
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<td></td>
<td><a href="mailto:hrconnect@blueshieldca.com">hrconnect@blueshieldca.com</a></td>
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<tr>
<td>Records Management:</td>
<td>(415) 229-5199</td>
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<td></td>
<td><a href="mailto:RecordsManagement@blueshieldca.com">RecordsManagement@blueshieldca.com</a></td>
</tr>
<tr>
<td>Special Investigations Department:</td>
<td>Help Line: (800) 221-2367</td>
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Thank you for reviewing the Code. Your knowledge of, and adherence to, these standards of conduct help maintain Blue Shield’s reputation for conducting business in an ethical manner.
ethical you, ethical blue