

Code of Business Conduct



About Blue Cross and Blue Shield of Louisiana

Our Mission

To improve the lives of Louisianians by providing health guidance and affordable access to quality care.

Our Vision

Blue Cross and Blue Shield of Louisiana is fully aware of the increasingly urgent national issues regarding the affordability of healthcare, the numbers of uninsured and the quality of health services rendered. We're active at providing education and guidance, thereby helping to implement the new healthcare reform law and shape future legislation.

Our Core Values

As Louisiana's largest health insurer and a community leader in healthcare, we strive to live out our company's mission and vision with the following core values:

- **Service Excellence** - We create exceptional customer experiences by advocating for our customers and providing value to ensure their loyalty.
- **Innovation** - We create our future through discovery, development and adoption of new products, processes and experiences that generate value to all.

- **Collaboration** - We build relationships and partner with others in our Louisiana communities to create value-added services and healthcare solutions.
- **Accountability** - We take ownership for our actions and are passionate about finding solutions to support the long-term health, security and well-being of our customers and community.
- **Integrity** - We are a customer-owned health services company that does the right things at the right time for the right reasons to ensure sustainability.

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“To improve the lives of Louisianians by providing health guidance and affordable access to quality care.”

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A Message from the Board of Directors

Blue Cross and Blue Shield of Louisiana and its subsidiaries – HMO Louisiana, Inc., Southern National Life Insurance Co., Inc., Southern National Marketing Co., Inc. and the Blue Cross and Blue Shield of Louisiana Foundation, Inc. – are committed to conducting business with integrity and well within the bounds of all applicable laws.

The Blue Cross and Blue Shield brands represent the integrity of America's oldest and largest health insurers. They also represent the collective integrity and professional reputations of thousands of people who work for these brands across the country. We take great pride in that. For that reason, at Blue Cross and Blue Shield of Louisiana, we care not only about providing quality services, but also about how we accomplish our goals.

This *Code of Business Conduct* explains the business behavior that we expect of our employees, officers, Board of Directors and business partners. As employees of the largest health insurer in Louisiana, it is necessary that we all adhere to the contents of this booklet and remember that our greatest asset – our good name – is always on the line.

The Blue Cross and Blue Shield of Louisiana Board of Directors is pleased to represent this company and the people who run it. Preserving the full faith and trust of our policyholders is first and foremost. If you are aware of any Code violation by our employees, officers or Board members, we expect you to report it immediately to our Compliance and Integrity Office. You may report a violation anonymously by calling 1-800-973-7707.

Thank you for your assistance and for your own compliance with this Code.

Sincerely,

Board of Directors
Blue Cross and Blue Shield of Louisiana

President's Message to Employees

Dear Fellow Employee:

Our company is part of a dynamic and complex industry in which competition and continued challenges demand more from us each day. At the same time, our organization, Blue Cross and Blue Shield of Louisiana, is committed to its core values. These include conducting all of our business-related activities with the utmost personal integrity and mutual respect.

As employees, we are obligated to go beyond simply stating that we intend to conduct ourselves professionally and ethically at work. We need to follow through on these intentions consistently and relentlessly. Beyond even that, we have a responsibility to make sure that others in our company are living up to the same high standard. Several resources have been established to help you raise ethical concerns and report violations of our Code of Business Conduct, including a special telephone line, 1-800-973-7707, to report potential violations anonymously or simply to seek assistance.

I ask you to join me, and the rest of our organization, in dedicating ourselves to the company's Code of Business Conduct. This nationally recognized code and compliance program sets a high ethical tone for conducting business and creates a corporate culture that strengthens the reputation of Blue Cross and Blue Shield of Louisiana. Our company's continued success depends on your commitment and integrity.

Thank you for your support, and remember — it's not just **your** good name; it's ours.

Sincerely,

A handwritten signature in black ink, appearing to read "I. Steven Udvarhelyi". The signature is fluid and cursive, with a large initial "I" and a stylized "U".

I. Steven Udvarhelyi, MD
President and Chief Executive Officer



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Code of Business Conduct

To ensure that we meet the highest standards of integrity, Blue Cross and Blue Shield of Louisiana has defined what it considers proper business practices.

This booklet on the Code of Business Conduct for Blue Cross and Blue Shield of Louisiana and its subsidiaries (Southern National Life Insurance Co., Inc., Southern National Marketing Co., Inc., HMO Louisiana, Inc. and the Blue Cross and Blue Shield of Louisiana Foundation, Inc.), hereafter referred to collectively as “the Company,” provides guidelines to help you understand the standards and ethics that outline our business practices. This Code of Business Conduct or “Code” applies to all employees, officers and the Board of Directors (referred to as “Board members”). It has the support and approval of the Board of Directors and executive officers.

The Company’s Compliance and Integrity Office includes a Compliance and Integrity Program to educate employees, officers and the Board of Directors on ethical and legal issues and to ensure compliance with the Code of Business Conduct. Program procedures, including the method of reporting concerns to the Compliance and Integrity Office, are included in the Code of Business Conduct.

In addition, vendors, contractors and providers are made aware of the Code and of its requirements for employees, officers and Board members. This communication generally occurs

through the inclusion of standard descriptive language referencing the Code in the relevant contract.

This Code of Business Conduct is so important to the Company that every employee is required to review and be familiar with its expectations and to complete an annual conflict of interest disclosure. In addition, we require participation in refresher training on the Code.

If you have any questions regarding the Code or ethical business practices, bring them to the attention of your manager or the Compliance and Integrity Office. An employee who, in good faith, reports a suspected violation of the Code will not be subject to any adverse job actions or any other form of retaliation. Anyone who retaliates or brings retribution against an individual who, in good faith, reports a suspected violation may be subject to disciplinary action up to and including termination.

The Code of Business Conduct does not contain all of our Company’s policies. You must also comply with all other corporate policies, including those established within your specific department or work unit.

All companies have ethical and business responsibilities. The Code of Business Conduct provides guidelines for our conduct as representatives of the Company.



Introduction

We are expected to follow these ethical work principles:

- Deal professionally and honestly with others.
- Perform assigned duties using the highest ethical standards.
- Follow the laws, rules and regulations that apply to Company business and comply with Company policies, procedures and guidelines.
- Use good judgment and common sense and be sensitive to how others see us and how they might interpret our actions.
- Be loyal to the Company and conduct business without creating a conflict of interest with the Company.
- Use authority given by Blue Cross and Blue Shield of Louisiana in the best interest of the Company.

In considering what action to take, ask yourself:

- Is the action consistent with the Company's values and the Code of Business Conduct?
- Could this action appear improper to others?
- Am I proud of my actions?
- Is this action justifiable?
- Would I be embarrassed by my actions if I were questioned?

In rare or unusual circumstances, an employee may seek approval of actions that conflict with the Code's requirements. Approval of such action must be sought in advance for a waiver that must be approved by the Compliance Officer and General Counsel of the Company. Waivers for Board members or executive officers may be granted only by the Board of Directors or its responsible committee. If a waiver is granted, the Board or responsible committee must ensure that

appropriate controls are in place to protect the Company and its policyholders. Employees, officers or Board members may not use anyone outside of the Company to circumvent any Company policy.

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I. Conflict of Interest

Board members, officers and employees should act in the best interest of the Company to the exclusion of personal advantage in dealing with our current or potential customers, vendors, healthcare providers, contractors and competitors. Employees, officers and Board members owe a duty to the Company to advance its legitimate interests when the opportunity arises. Further, you should avoid any situation where a conflict exists or could occur or appear to exist between your personal interests and those of the Company. You should avoid acquiring or maintaining an interest in any financial concern that could influence your business decisions or actions. You should also avoid outside activities that interfere with your regular work duties and work time, adversely affect the quality of your work or could harm the Company's reputation.

Additionally Board members, officers and employees are prohibited from:

- Representing the Company in any transaction in which the Board member, officer, employee or their immediate family member has a material financial interest;
- Taking for themselves, personally or for their immediate family, opportunities that are discovered through the use of corporate property, information or position;
- Using Company property, information or position for personal gain or that of an immediate family member;
- Competing with the Company.

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“You should also avoid outside activities that interfere with your regular work duties and work time, adversely affect the quality of your work or could harm the Company’s reputation.”

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A Case in Point: Conflict of Interest

An IT employee obtained his license to sell health and auto insurance as an independent producer. He plans to do this after hours and on weekends for supplemental income. Is this a conflict?

Selling only Blue Cross, HMO and SNL products would not be a conflict, but as an independent producer, he/she would not be

able to sell health, life, disability or related products for another company as this would be a conflict. While the auto insurance industry may not appear to conflict with the Company's interest, some auto insurance companies sell health-related products for other companies and could be a subsidiary of a competitor. The auto insurance request would have to be explored further to properly determine whether a conflict exists or not.

A Board member, officer or employee who, or whose immediate family member, has a financial interest (including stock ownership, partnership participation, management, employment, consulting agreements or any other arrangement or agreement) in or with another firm where such interest conflicts or may appear to conflict with their duties to the Company, must immediately disclose this financial interest. It is policy that all employees, officers and Board members complete a Conflict of Interest form at hire or upon election

or appointment, and again annually and upon change.

An "immediate family member" includes a spouse (or a parent or sibling thereof), child, stepchild, stepparent, grandchild, sibling, parent of yours, a trust or estate of which you are a substantial beneficiary, a trust or estate in which you have a fiduciary interest, or anyone with whom you have a personal interest.

Business Dealings Between the Company and Employees/Officers/Board Members and Immediate Family Members

Employees/Officers/Board Members

The Company prohibits the purchasing of goods or services from:

- an employee, officer or a Board member and
- businesses in which an employee, officer or Board member has a substantial interest (defined as ownership of more than 10 percent.)

Immediate Family Members of Employees/Officers/Board members

The Company prohibits contracting with or entering into material purchasing arrangements with immediate family members of employees, officers and Board members or businesses in which their immediate family member has a substantial interest (defined as ownership of more than 10 percent). Material is defined by Company policy and may be adjusted periodically. Individual occurrences are subject to review by the Compliance Officer and Senior Management. This prohibition does not include purchases of services or goods that are temporary in nature and present no significant risk to the Company. For example, reimbursement for a business lunch at a restaurant owned by an employee's immediate family member is not prohibited. However, the Company does prohibit entering into a contract for the same restaurant to cater a Company event. The differences between these two examples are materiality of the purchase and risk incurred by the Company. Additional guidance is available on the Compliance Office intranet site.

Each employee, officer or Board member must immediately report, through the Conflict of Interest process, any substantial business interests they hold directly. Whenever an employee, officer or Board member believes that an immediate family member's business dealings may create a conflict with the Company, they must

report this immediately to the Compliance Office. Please note that producer and provider contracts are exempt from this policy.

The Company should not directly or indirectly extend or maintain credit, arrange for the extension of credit, or renew an extension of credit in the form of a personal loan to or for any Board member, officer or employee of the Company.

Generally, the Company will not sell, give or lend any corporate equipment, furniture, supplies or materials to any employee, officer or Board member. Occasional exceptions may be made when it is in the best interest of the Company.

Dealing with Vendors, Suppliers and Customers

The Company markets products based on price, quality and service. Each employee, officer and Board member should deal fairly with the Company's customers, competitors, contractors and vendors. None should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material factors or other unfair dealing practice.

You may not pay a bribe, kickback or any similar improper payment to any person or entity for any reason. You cannot encourage or solicit entertainment from any company or individual with whom the Company does business. You cannot use inappropriate gifts, excessive entertainment or any other means to improperly influence customers or potential customers.

Be especially sensitive to situations in which accepting business courtesies such as meals, gifts or entertainment might create the appearance of favoritism toward a contractor, vendor, healthcare provider or other business associate. These situations pose ethical or legal problems.



Kickbacks or Rebates — The purchase or sale of goods and services must not benefit you or your family in the form of kickbacks or rebates. Paying premium rebates is considered an unfair trade practice and is illegal, unless the premium rebate is paid by the Company pursuant to the Patient Protection and Affordable Care Act. Kickbacks

or rebates can take many forms and are not limited to monetary gifts. They can include gifts, trips, services, use of property, meals, drinks, entertainment, hospitality, passes, promotional items, or use of a giver’s name, materials or equipment.

A Case in Point: Rebates

To help close the “sale” a producer offers to pay the customer 50% of his commission earned from the sale of the policy.

This payment back to the customer is considered an illegal rebate.

Payments to Producers and Consultants

Agreements with producers or business consultants must be in writing and in accordance with the Company’s standard forms and policies. These agreements must clearly and accurately set forth the services to be performed, the basis for earning the commission or fee involved, and the applicable rate or fee. All payments to such producers or consultants must be reasonable in amount, not excessive in light of the practice in the trade and commensurate with the value of the services rendered.

The use of Company funds or assets for any unlawful or unethical purpose is prohibited. Any payment that would be improper when made by a Company employee is likewise improper if made by a commissioned producer, consultant or other third party on behalf of the Company.

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II. Business Courtesies: Gifts and Entertainment

A business courtesy is a favor, hospitality or service for which you pay nothing or less than fair market value. It may be a tangible or intangible benefit such as:

- meals and drinks,
- hospitality suites,
- recreation,
- tickets or passes,
- use of the giver's time, materials or equipment.

Business courtesy refers to both *business gifts* and *business entertainment*. A **business gift** is the voluntary transfer or use of property or services. **Business entertainment** is the act of entertaining or showing hospitality to a Board member, officer or employee of another business with the purpose of building a business relationship. **Classification as business entertainment requires that topics of a business nature be discussed and that the host be present; otherwise the courtesy is considered a gift and must follow the gift approval protocol.**

Whenever you are accepting or offering business entertainment or a business gift, you must comply with the monetary thresholds and approval requirements as provided in the "Business Courtesy Approval and Disclosure Requirements" chart on Page 8. Additionally, in **all** circumstances, a business courtesy must comply with the following expectations:

- no gifts of money or cash equivalent (giftcards or gift certificates),
- must **not** be solicited,
- fit within the bounds of customary business and professional practice,
- not create the appearance of favoritism,
- not adversely affect the Company's reputation,

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- no real or perceived attempt to influence the Company's ability of dealing fairly and with impartiality,
- infrequent in nature (see chart below),
- not violate any laws or this Code of Business Conduct,
- properly reflected on the books and records of the Company,
- in accordance with the Company's applicable procurement and reimbursement policies.

Generally, prizes and promotional items of nominal value that are part of a business activity,

such as a conference or business sponsored charitable event, may be accepted without approval if the value of the item given is within reason, without obligation and all participants are equally eligible to win. Please see the Compliance intranet website for additional guidance.

In any situation in which you or your manager are unsure of the appropriate conduct or where circumstances create doubt, you should decline the offer or seek guidance from the Compliance and Integrity Office.

Business Courtesy Approval and Disclosure Requirements

	Business Gift (Offering and Accepting)	Business Entertainment (Offering and Accepting)
Requirement	Within customary and professional practice	Must include business discussion and host is present
Limit per Occurrence	<ul style="list-style-type: none"> • Over \$100 requires prior management approval and disclosure to CIO 	<ul style="list-style-type: none"> • Over \$250 requires prior management approval and disclosure to CIO • Over \$500 requires prior approval of Senior Management member and disclosure to CIO
Aggregate Limit	One gift per quarter	Employee Limit: \$1,000 per vendor/per year. Annual amount greater than \$1,000 requires prior approval of Senior Management member and disclosure to CIO

III. Proper Books, Records and Documents

You should record and report financial information fully, accurately and honestly. No relevant information can be omitted or concealed and no secret or unrecorded funds or assets can be created for any reason. Making false or fictitious entries in the books or records of the Company is prohibited. Employees cannot participate in any activity that purposely leads to making false or fictitious entries.

No false entries are to be made in any internal or external communication, including telephone or wire communications. No document may be altered for the purpose of misleading anyone.

Retention of Records

Business records, including medical records, must be retained and their confidentiality protected, in accordance with the law and the Company’s record and/or document retention policies. This includes paper records, electronic information such as computer files or electronic mail and information stored on any other medium. No Company employee, officer or Board member may tamper with business records or remove or destroy business records in a manner that is contrary to Company record retention policies.

Records pertaining to litigation or to a government investigation or audit must not be destroyed until the matter is closed and destruction is approved by the Legal Department. You will be notified by the Legal Department of any litigation hold or by the Compliance and Integrity Office or the Audit Department of any audit requiring retention of records.

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“No company employee, officer or Board member may tamper with business records or remove or destroy business records in a manner that is contrary to Company record retention policies.”

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IV. Proper Use of Company Assets

The assets of the Company are to be used for the benefit of the Company and for valid business purposes. Company assets include concepts, business strategies and plans, financial data, intellectual property rights and other information about our business, as well as equipment, computer systems, electronic voice and data networks and office supplies. These assets may not be used improperly to provide personal gain for employees, officers, Board members or others. The Company prohibits the use of Company assets, services, equipment or supplies, including Company stationery, business cards, forms, email system or other media to express personal opinions to outside parties.

Each employee, officer or Board member has the responsibility of safeguarding all Company assets against misuse, abuse, loss and theft.

Electronic Communication

The Company's electronic mail system, telephone system and other information networks, including internet and intranet, should be used primarily for legitimate business purposes. Occasional use of Company telephones, voice mail, fax and computer networks for personal purposes is permitted, as long as the frequency and cost of such use is not excessive and does not interfere with Company business or an employee's work.

You cannot use any communication medium, including electronic communications, to send offensive or disruptive messages that contain offensive comments that violate the Company's nondiscriminatory policies including, but not limited to, references to discrimination on the basis of age, gender, sexual orientation, religious or political beliefs, national origin or disability.

You are expected to conduct electronic communications in the same professional and respectful manner as you would all other business communications. Improper use of electronic communications subjects the user to the Company's disciplinary policies.

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The Company owns the electronic communication systems and therefore offers no guarantee of privacy or confidentiality of the communication content. The Company reserves the right to monitor and disclose the content of communications in accordance with all applicable laws and regulations. Improper use of electronic communications subjects the user to disciplinary action up to and including termination.

Email

Email services do not offer any absolute guarantees of privacy, confidentiality or integrity of data. Accordingly, employees, officers and Board members using this service must exercise extreme care. Email communications can be used for litigation purposes. Be aware of how easily a message can be forwarded to another party. All email messages, especially those containing any private and/or confidential materials, must include the appropriate confidentiality notice.

Outgoing email containing confidential claim or financial information or protected health information should always be sent using the Company's secured email system. Secure email allows the Company to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Questions regarding use of secure email should be directed to the Company's Service Desk or Help Desk.

All business controls and regulatory requirements for written or verbal communications also apply to email communications. If the information is confidential and should not be shared in writing, by fax or over the phone, it also should not be sent by email. All electronic communications systems

are Company-owned information assets and subject to standard business audit and control guidelines. Management has the right to access an employee's electronic communications without the employee's consent and without prior notice.

Internet

It is a violation of policy to access, attempt to access, store, download or distribute inappropriate material that contains adult, sexually explicit, pornographic, violent, hate and similarly objectionable content. Employees who abuse internet access privileges by excessive personal use of the internet will be disciplined up to and including discharge.

Software Licensing

Packaged software is generally licensed for use rather than sold outright and is normally protected by copyright laws. All employees must be aware of and conform to copyright laws and software licensing agreements for software packages purchased by the Company, particularly in the case of software packages for personal computers. The Company does not condone the unauthorized duplication of purchased software. Illegally copying software is unacceptable and should be reported to your manager. In general, the Company restricts use of the software to the particular computer for which it was purchased.

V. Protecting Information

The Company maintains records on its business activities and strategies, as well as information from and about its member plans and other Blue Cross and Blue Shield (BCBS) Plans. Each employee, officer and Board member is responsible to maintaining the confidentiality of information entrusted by the Company or its members.

Trade secret, proprietary and confidential information is non-public data that might be of use to a competitor or harmful to the Company or its members if disclosed. You cannot use or disclose Company information except as authorized by the Company or legally mandated and should safeguard against its disclosure or release.

All Company files should be considered confidential and information from them should not be given to or discussed with anyone – including family members, friends, employees or clients – unless the nature of the work requires it. If the appropriateness of any inquiry seems at all questionable, the matter should be referred to proper management personnel.

Disclosure of confidential information is grounds for immediate termination of employment.

Guidelines Regarding Proprietary and Confidential Information

Proprietary and confidential information and trade secrets may include, but are not limited to, the following:

- Claims payment and benefits information;
- Subscriber information;
- Attorney-client communications;
- Medical and personal information about members, employees, Board members or others, including addresses and phone numbers;

- Financial information concerning the Company, its members, groups or providers;
- Employee payroll and personnel records;
- Information that would help others commit fraud or sabotage, misuse the Company's products and services or damage the Company's business;
- Information on marketing data, sales information, provider payment rates, business management systems and other confidential information related to the business of the Company;
- Information regarding the Company's business plans;
- Data from or about BCBS Plans or member companies to others, including other BCBS Plans.

Files, manuals, reports, notes, lists and other Company records or data in any form are the exclusive property of the Company and must be returned at the end of employment with the Company. Any confidential, proprietary or trade secret information to which you have access remains confidential after employment or service termination and may not be disclosed or used for any purpose.

Attorney-Client Communications

Attorney-client communications are written and/or electronic communications to and from Company in-house attorneys and/or outside counsel. Such communications involve requests for and the rendering of legal advice by those attorneys. Advice from in-house attorneys or outside counsel should never be forwarded to anyone outside the Company; or even forwarded inside the Company to persons not already party to the communication. If there is a need to include other persons inside the Company, permission to forward the communication must be obtained



from the attorney involved or another attorney in the Company Legal Department. When in doubt as to whether a communication constitutes attorney-client communication or attorney work product, ask the Company attorney involved.

Confidentiality of Member Information

All patient and member information is confidential and all actions regarding this information are subject to this Code of Business Conduct. The Company is committed to respecting the confidentiality of subscriber/member information and complying with the Health Insurance Portability and Accountability Act (HIPAA) and all other privacy regulations.

The Company has a set of Corporate Privacy Policies and Procedures that must be followed at all times. Discretion must be practiced when working with personal information. If you have any questions regarding the proper handling of confidential information, please contact your manager. If you witness or suspect inappropriate use of subscriber/member information, report these actions to the Compliance and Integrity Office (see contact information on Page 23) or to the Privacy Office at (225) 298-1751.

One rule that cannot be emphasized too strongly is that **all information acquired through work must be kept in strict confidence**. Our members place considerable trust in the Company and in the work employees do. Therefore, the Company expects employees to treat all information related to our business and to our members' business in a strictly confidential manner. Member information should never be released unless it is needed by another Company employee for business purposes or required by law.

If necessary, you may disclose confidential or protected health information as part of the reporting process to appropriate internal personnel or certain health oversight agencies if you believe the Company has acted in an unlawful manner or violated this Code. Also, if you believe that you have been the victim of a crime, it may be acceptable to disclose confidential or protected health information to certain agencies. If you are unsure about how to make a disclosure in either of these situations that would not violate Company privacy policies, please contact the Privacy Office for more information.

Passwords and Information System Security

System security access mechanisms including, but not limited to, computer passwords and other personal security codes are to be kept completely confidential. The Company uses security passwords and codes to authenticate the user and to establish approved access rights. You are responsible for all actions under your security passwords and codes. Sharing a computer password/security code or allowing others to use your computer while you are logged on is a violation of Company policy and is subject to disciplinary action up to and including discharge.

The Company strictly enforces provisions designed to safeguard the confidentiality of proprietary computer data. Every precaution must be taken to ensure that identification codes and passwords do not become available to unauthorized individuals. Data system security violations must be reported to a manager or to Information Security. Information Security will notify the Compliance Officer of any incidents that violate this Code.

VI. Government Relations

The Company operates in a highly regulated industry and therefore must comply with federal, state and local laws and regulations. As a contractor to the federal and state government, the Company and its vendors must follow special laws and regulations imposed by the government agencies. Penalties associated with a violation of these complex laws and regulations can be severe. If you have any questions concerning these laws and regulations, contact the Legal Department or the Compliance and Integrity Office.

Accurate Reporting to the Government

We must ensure that there is no improper use, payment or diversion of government funds. All cost and pricing data provided in connection with government proposals and contracts must be current, complete and accurate and not intentionally false or misleading. All labor, materials and other costs for government programs must be charged to the appropriate account regardless of the financial status of the program, contract or project. Timesheets and other cost records and reports must be complete and reflect accurate costs.

The federal government has numerous cost categories, identified in the federal regulations and federal contracts that are not reimbursable to contractors. All non-allowed costs must be identified, appropriately accounted for and excluded from proposals and requests for reimbursement prepared by the Company.

It is a violation of federal law to make fraudulent claims or statements to the government or

to alter bills or papers being processed in connection with government claims. Any attempt to defraud the federal government is punishable under federal laws by monetary fines and/or imprisonment and could jeopardize the Company's relationship with the federal government. Violators will be subject to prompt disciplinary action up to and including discharge.

Government Sponsored Programs

You must be particularly careful in your work responsibilities with respect to government-sponsored programs. The Anti-Kickback Statute and the False Claim Act, along with HIPAA, provide key regulatory constraints and rules that the Company, its employees, officers, Board members and vendors must comply with to fulfill its program integrity and contractual obligation.

Anti-Kickback Statute

It is a violation of the federal Anti-Kickback Statute, as well as the Code of Business Conduct, to offer, pay, solicit or receive "remuneration" (i.e., something of value) in exchange, directly or indirectly, for the referral of any government – sponsored business unless it falls within certain "safe harbors" specified under federal laws. In addition to criminal and monetary penalties, violations of the statute may cause an individual or entity to be excluded from participation in Medicare and other federal healthcare programs. Because these laws and the accompanying safe harbor provisions are complex, any questions or concerns related to a specific transaction should be referred to the Compliance Officer or the Legal Department.



False Claims Act

The False Claims Act prohibits knowingly presenting (or causing to be presented) to the federal government a false or fraudulent claim for payment or approval. Additionally, it prohibits knowingly making or using (or causing to be made or used) a false record or statement to get a false or fraudulent claim paid or approved by the federal government or its agents. Further, the False Claims Act prohibits a Reverse False Claim. A Reverse False Claim may exist when the Company receives an overpayment and fails to identify the error and promptly return the funds to the government. The False Claims Act is enforced against any individual or entity that knowingly falsifies any material information that gives rise to a claim to the federal government or that knowingly does not timely return monies owed to the government. There is an additional obligation to inform the government of any new information indicating the falsity of a previously filed claim.

To ensure compliance with government regulations, employees shall:

- follow established policies and procedures for the preparation, submission and authorization of reports;
- comply with all internal control procedures established to ensure accurate and complete recording of Company and third-party transactions;
- protect, retain and dispose of Company records and reports in accordance with established policies and procedures;
- complete time records and expense reports accurately and truthfully;
- ensure that all direct and indirect costs are recorded in the proper accounts;

- immediately report any false, fictitious, altered or suspicious requests for Medicare payment or claims;
- keep funds belonging to the Company separate from an employee’s personal funds;
- accurately maintain and keep separate the books, accounts, corporate proceedings and records of the various subsidiaries of the Company to maintain the separate and distinct legal identities of the Company; and
- never falsify any Company document.

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Gifts and Business Courtesies

Federal and state laws make it illegal to give anything to a federal, state or local government official or employee in return for that person's influence or actions on the job. It is also illegal to do anything that will benefit an official directly or indirectly if such action results in, or is a reward for, that official's influence or actions. Violations can result in severe fines and imprisonment.

Under both the law and Company policy, an employee may give specialty advertising or promotional material to a federal official or employee and buy an occasional meal in the ordinary course of a business meeting, subject to guidelines. For non-elected federal officials or employees of the executive branch, the value of the gift or meal may not exceed \$20 per occasion or \$50 per calendar year. Such business courtesies or gifts must be approved by your manager, be properly recorded and follow applicable procurement and reimbursement policies.

Similar restrictions exist on the state and local governmental levels for legislative and executive branch officials and employees. Generally, these laws and regulations require persons making these types of expenditures to register with the Louisiana Board of Ethics and report those expenditures. It should be noted that in 2004, the Louisiana Legislature enacted a law governing "lobbying" of the executive branch. While most people would not consider themselves to be "lobbyists," the spending thresholds that define lobbying under this law are fairly low and apply to all combined expenditures made on any executive branch employee or employees. You should check

with the Legal Department regarding all gifts to and expenditures for state and local government employees and officials including expenditures for meals and entertainment.

Government Oversight

It is the Company's policy to cooperate fully with any official government oversight activity, such as an inquiry, audit or investigation. Virtually all laws regulating the conduct of Company business contain criminal as well as civil penalties. Criminal penalties are imposed not only on the Company but also on individuals within the Company whose action or inaction results in a violation of the law.

As an employee in a highly regulated industry, you may be approached by a regulatory or law enforcement representative. The Company wishes to fully cooperate with any such representative. All inquiries regarding the Company must be directed to the Legal Department for proper response. If you learn that a government investigation or inquiry is under way, this information must be communicated immediately to the Company's Legal Department so appropriate action can be taken.

If a government or legal representative contacts you regarding Company business, you have the right to:

- request that you be interviewed during normal business hours;
- insist on disclosure of the name of the person and the agency he/she is representing;
- request that your attorney be present.

The Legal Department also must be contacted immediately – before any action is taken or



promised – if you receive a work-related subpoena or written government request for information, such as a Civil Investigative Demand. Sometimes it is difficult to determine when a routine government audit or inspection expands into a government investigation; therefore, you should consult with the Company’s Legal Department.

Prohibited Activities

You should never under any circumstances do any of the following:

- Destroy Company documents in anticipation of a request for those documents from a government agency or court.
- Alter Company documents or records.
- Lie or make misleading statements to government auditors or investigators during any investigation. Federal statutes make it illegal to make false statements to investigators under any circumstances.
- Pressure anyone to hide information from government investigators or to provide false or misleading information.
- Retaliate in any manner against any employee for cooperating in an investigation.

Ineligible or Excluded Persons and Entities

As a contractor of the federal government, the Company is prohibited by law from employing, contracting, or doing business with any person or entity that is currently debarred, suspended, excluded, proposed for debarment or declared ineligible to participate in federal healthcare programs. The Company screens all applicants and routinely screens current employees, officers, Board members, customers and vendors against the federal government’s excluded parties lists.

Violent Crime Control and Law Enforcement Act of 1994

The Violent Crime Control and Law Enforcement Act of 1994 requires a “prohibited person” to obtain the consent of the Louisiana Insurance Commissioner before they can work in the insurance industry in any capacity. A “prohibited person” is one who has been convicted of a felony involving dishonesty or breach of trust. You were required to inform the Company if you are such a “prohibited person” on your initial application and are required to inform the Company at any time during your employment if you are convicted of a felony as described in this law.

You should also disclose to the Company any other offenses for which you are convicted while employed with the Company. This disclosure may be made to the Compliance Officer or the Human Resources Department.

Violations of State or Federal Regulations

The Company will continually monitor its compliance with applicable state and federal regulatory requirements. The Company has a contractual obligation to report any suspected fraud, waste or abuse pertaining to government-sponsored programs. Board members, officers, employees or vendors who willfully conduct business that is contrary to, or is in violation of, a government regulation and/or Code of Business Conduct, will be subject to prompt disciplinary action up to and including termination of their relationship, employment or contract in addition to any criminal or civil penalties administered by the appropriate law enforcement agency.

VII. Reporting Accounting Errors and Internal Control Weakness

It is extremely important that our Company's internal control system is working properly in order to prevent and detect inaccurate financial reporting. Actions intended to make financial records materially misleading are prohibited and no Board member, officer or employee should fraudulently influence, coerce, manipulate or mislead independent or certified accountants auditing our financial statements. Internal controls also help to ensure the accuracy of both financial and non-financial information used by management in making business decisions that impact the Company's future success.

The Company and our members could suffer serious harm if internal controls are eliminated,

ignored or bypassed. You must report actual or suspected accounting, internal control or auditing irregularities to our Compliance Officer and Chief Audit Officer.

.....
“It is extremely important that our Company’s internal control system is working properly in order to prevent and detect inaccurate financial reporting.”
.....

VIII. Contributions and Political Activity

Federal laws restrict the use of Company funds in connection with federal elections. Similarly, state law regulates use of Company funds in connection with state elections. It is both against Company policy and illegal for an employee, officer or Board member to directly or indirectly include federal, state or local political contributions on expense accounts or in any other manner that results in Company reimbursement for that expense.

Use of employee work time in a campaign is considered the equivalent of a contribution by the Company. Therefore, employees cannot be paid by the Company for time spent in campaign efforts.

You should consult the Company's Legal Department before agreeing to do anything that could seem to involve the Company directly or indirectly in political activity at the federal, state or local level.

.....
“Use of employee work time in a campaign is considered the equivalent of a contribution by the Company.”
.....



IX. Maintaining Respectful and Dignified Personal Relationships

The Company complies with all laws and regulations affecting safety, health and the environment. This commitment extends to a work environment free of harassment or discrimination in all aspects of employment, including recruitment, hiring, work assignment, promotion, transfer, termination, salary administration and selection for training.

You are expected to subscribe to these commitments and act in a courteous and respectful manner. You can expect to work in a professional environment without fear of retribution.

Equal Employment Opportunity, Accommodations and Prohibition of Harassment

Blue Cross and Blue Shield of Louisiana is an Equal Opportunity Employer in accordance with the Louisiana Employment Discrimination Law as well as other applicable federal provisions. As such, the Company does not discriminate against employees or applicants for employment based on age, disability, race, color, religion, sex, national origin, pregnancy, childbirth and related medical conditions, sickle cell trait or genetic information.

The Company will endeavor to make an accommodation to the known physical or mental limitations of qualified employees with disabilities unless the accommodation would impose an undue hardship on the operation of our business. If you need assistance to perform your job duties because of a physical or mental condition, please notify an Employee Relations professional in Human Resources.

The Company will endeavor to accommodate the sincere religious beliefs of its employees to the extent such accommodation does not pose an undue hardship on the Company's operations. If you wish to request such an accommodation,

please speak to an Employee Relations professional in Human Resources.

Questions or concerns about equal employment opportunities in the workplace should be brought to the attention of an Employee Relations professional in Human Resources. All complaints will be kept in confidence to the extent that they can be addressed appropriately. Confidentiality cannot be guaranteed. The Company will not condone any form of retaliation against individuals who raise issues of equal employment opportunity, who report unwelcome conduct to management or who cooperate in the investigations. To ensure our workplace is free of artificial barriers, reports of noncompliance with the equal employment opportunity and harassment policies will be fully investigated and may result in disciplinary action up to and including discharge. Employees who make complaints in bad faith may be subject to disciplinary action up to and including discharge.

Improper conduct, which may include sexual joking, vulgar or offensive conversation or jokes, comments about an employee's physical appearance, emotional or mental state, sexual orientation, unkind teasing, bullying or other conduct directed toward a person because of his or her age, disability, race, color, religion, sex, national origin, pregnancy, childbirth and/or any related medical conditions, sickle cell trait, or genetic information is prohibited. Conduct that is sufficiently severe or pervasive enough to create an unprofessional and/or hostile working environment is prohibited. If you feel that you have been subjected to conduct that violates the Company's harassment policy, you should immediately report the matter to your manager or Human Resources.

X. Drug- and Alcohol-Free Workplace

Blue Cross and Blue Shield of Louisiana is strongly committed to providing a safe and healthy working environment for its employees and for its visitors. A drug-free and alcohol-free workplace supports this commitment.

This policy applies to all Company premises including those in which work is performed by the Company or its employees, parking lots and storage areas and any Company-owned or leased vehicles or equipment. You are expected and required to report to work in an appropriate mental and physical condition. If you violate the Company's drug and alcohol policy, you may be subject to disciplinary action up to and including discharge.

Further, when on Company premises or while at work, you are prohibited from selling, concealing, transporting, promoting, dispensing, possessing or using any illegal drugs, non-prescribed controlled substances (including trace amounts), any substance used in the concealment of drugs or any other substance that may have a similar effect on the human body.

The excessive use of alcohol or the illegal use or possession of controlled substances off Company premises is prohibited if it adversely affects work performance or the Company's reputation.

The Company may notify law enforcement authorities whenever illegal drugs are found in the workplace and may cooperate with law enforcement officials. As an employee, you agree to notify Human Resources in writing within five calendar days after any criminal conviction, finding of guilt, imposition of sentence, a plea of no contest or a plea of guilty, for the manufacture, distribution, dispensation, possession or use of narcotics, drugs or other controlled substances.

A conviction may result in disciplinary action, up to and including discharge. Blue Cross and Blue Shield of Louisiana must notify all federal contracting agencies of such conviction within 10 calendar days after receiving notice of the conviction.

.....
“If you violate the Company’s drug and alcohol policy, you may be subject to disciplinary action up to and including discharge.”
.....

Drug Screening

The Company may use one of a variety of approved medical testing procedures to assist in the control or detection of drug or alcohol usage. These tests may be utilized in, but are not limited to, the testing of job applicants and employees. Employees may be required to submit to an alcohol or drug test under the following circumstances:

- when reasonable cause exists to suspect that an employee has reported to work with prohibited substance(s) in his/her system or is otherwise violating this policy;
- possession of suspected illegal, unauthorized drugs or alcohol;
- violation of Company safety policies;
- following a work-related accident or injury;
- as part of the Company-wide random drug screening process;
- as part of the Company-required monitoring or aftercare.



Refusal to cooperate in a drug test is grounds for immediate discharge. Refusal is, but is not limited to, obstructing the collection of testing fluids or the testing process, attempting to tamper or tampering with a sample, submitting an altered, contaminated or substitute sample, failing to show up for a scheduled test within the designated time or location given, refusing to take the drug test or complete the requested

drug testing forms or failure to promptly provide specimen(s) for testing when directed to do so.

All information regarding results and drug screening is highly confidential and is made available only to those who have a business need to know. Questions regarding the Company's substance abuse policy should be directed to Human Resources.

XI. Reporting Violations and Seeking Assistance

All employees, officers and Board members must report any actual or suspected violation of the Code of Business Conduct. You may take the matter to a member of management or directly to the Compliance and Integrity Office.

Any employee, officer or Board member who violates this Code of Business Conduct or anyone who knowingly fails to report violations is subject to disciplinary action up to and including termination.

Inside legal counsel should report evidence of a material violation of the law or breach of fiduciary duty or similar violation by the Company to the General Counsel, the Chief Executive Officer or Compliance Officer. If they do not appropriately respond to the evidence, including adopting appropriate remedial measures or sanctions depending on the violation, the attorney should report the evidence to the Audit Committee of the Board of Directors.

Persons to whom you report an incident may refer it to others for assistance or action. Steps will be taken to protect anonymity and confidentiality where warranted. You will be protected for a good faith report of a suspected violation.

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“All employees, officers and Board members must report any actual or suspected violation of the Code of Business Conduct.”

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XII. Corporate Compliance and Ethics Helpline/Hotline

You must report any suspected or actual Code of Business Conduct violation, accounting, internal control or auditing irregularities directly to the Compliance and Ethics helpline/hotline. Also, please contact us if you have any questions or need guidance on making ethical business decisions.

If you have a question or concern, which you feel uncomfortable discussing with your manager or the Compliance Officer, a toll-free line, 1-800-973-7707 is available for anonymous reporting 24 hours a day, 365 days a year.

Contacting the Compliance and Integrity Office

Employees may contact the Compliance and Integrity Office by any of the following means:

Call: 1-800-973-7707

Write: Compliance and Integrity Office
P.O. Box 84656
Baton Rouge, LA 70884-4656

Fax: (225) 295-2599

Email: compliance.office@bcbsla.com

Employees who no longer work for the Company can still contact the Compliance and Integrity Office with questions or concerns.



.....
*“Please contact us if
you have any questions
or need guidance on
making ethical business
decisions.”*
.....



XIII. Financial Investigations Office and the Fraud Hotline

The Company has a zero tolerance policy for fraud, waste and abuse. The Financial Investigations Office (FIO) consists of a group of employees who have been specially trained to detect and investigate fraud. The FIO works closely with all levels of local, state and federal law enforcement agencies and is responsible for bringing matters for prosecution when evidence of criminal wrongdoing is present.

As an employee, it is your responsibility to conduct yourself ethically and within the bounds of all rules, laws and regulations. This includes any information submitted as part of your benefits such as health and 401-K. It is also your responsibility to report any and all instances of suspected fraud, waste or abuse, particularly those that rise to the level of possible criminal behavior.

Employees may use the Outlook form “Report of Possible Fraud or Abuse” or the Fraud Hotline for reporting suspected fraud. While the FIO will support anonymous reporting, please be aware that we often need additional information and anonymous reporting may limit our ability to pursue the matter. If you do choose to report anonymously, reporting via the Fraud Hotline can protect your identity.

Call: 1-800-392-9249

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“As an employee, it is your responsibility to conduct yourself ethically and within the bounds of all rules, laws and regulations. This includes any information submitted as part of your benefits such as health and 401-K.”

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Our Goal: An Ethical Work Environment

Warning Signs

You may be on thin ethical ice when you hear...

- “Well, maybe just this once...”
- “No one will ever know...”
- “It doesn’t matter how it gets done as long as it gets done.”
- “It sounds too good to be true.”
- “Everyone does it.”
- “Shred that document.”
- “We can hide it.”
- “No one will get hurt.”
- “What’s in it for me?”
- “This will destroy the competition.”
- “We didn’t have this conversation.”

.....
“Would you still feel good about your actions if you were standing in the spotlight?”
.....

Quick Quiz

If you find yourself using any of these sentences, take the following Quick Quiz and make sure you are on solid ethical ground.

When in doubt, ask yourself...

- Are my actions legal?
- Am I being fair and honest?
- Will my action stand the test of time?
- How will I feel about myself afterward?
- How will it look in the newspaper?
- Will I sleep soundly tonight?
- What would I tell my child to do?

If you are still unsure of what to do, ask ... and keep asking until you are certain you are doing the right thing.



Blue Cross and Blue Shield of Louisiana is incorporated as Louisiana Health Service & Indemnity Company and is an independent licensee of the Blue Cross and Blue Shield Association