



CenCal HEALTH[®]

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COMPLIANCE PLAN

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I. INTRODUCTION

CenCal Health is committed to conducting its business operations in compliance with regulatory and contractual obligations while also delivering high quality and accessible health care services. This document – the CenCal Health Compliance Plan, hereafter referenced to as “the Compliance Plan” – summarizes CenCal Health’s compliance strategy as it relates to adhering to all regulatory and contractual requirements, promoting the value and importance of legal and ethical behavior, and reducing the prospect of wrongdoing at CenCal Health and within the provider network. CenCal Health’s compliance activities include oversight and monitoring responsibilities of internal staff as well as external business partners and delegated entities.

The CenCal Health Compliance Program and Code of Conduct together form the core components of the Compliance Plan. The Compliance Program is based on the seven fundamental elements of an effective compliance program as outlined by the U.S Department of Health and Human Services’ Office of Inspector General (OIG), and the Centers for Medicare and Medicaid Services (CMS):

- Designating a Chief Compliance Officer, Compliance Committee, and high-level oversight;
- Implementing written policies, procedures, and Code of Conduct;
- Educating employees and conducting effective training;
- Developing effective lines of communication;
- Conducting monitoring and auditing;
- Enforcing well publicized disciplinary standards; and
- Responding promptly to detected offenses and compliance issues.

CenCal Health’s Compliance Program reinforces the organization’s mission, vision, and values. The Code of Conduct supports the organization’s commitment to integrity and ethical business conduct. The Compliance Program shall act independently of any other operational and program areas without fear of repercussions for uncovering deficiencies or noncompliance.

The policies and procedures associated with this Compliance Program are approved by the California Department of Health Care Services (DHCS) to ensure that Network Providers, Subcontractors, and Downstream Subcontractors fully comply with all applicable terms and conditions and all duties delegated to Subcontractors and Downstream Subcontractors. CenCal Health shall evaluate each prospective Network Provider, Subcontractor and Downstream Subcontractor’s ability to perform the contracted services or functions; shall oversee and remain responsible and accountable for any services or functions undertaken by a Network Provider, Subcontractor, or Downstream Subcontractor; and shall meet all applicable requirements set forth in State and federal law,

regulation, any APLs or DHCS guidance, and the Medi-Cal managed care contract.

CenCal Health's Compliance Plan is updated at least annually to address the continually evolving nature of health plan needs and operations. The Plan is reviewed and approved by the CenCal Health Board of Directors Compliance and Oversight Committee routinely and not less than biennially. CenCal Health is committed to complying with all applicable Federal and State requirements for the Compliance Plan. Changes to the Compliance Plan are in response to outcomes based on routine monitoring, emerging areas of business and legal risk, and changes in state or federal regulations. The Compliance Plan applies to all employees, temporary employees, interns, volunteers, and vendors that provide services to, or on behalf of CenCal Health. The Compliance Plan itself does not replace other CenCal Health policies and procedures. A copy of the Compliance Plan is available on the CenCal Health intranet, CenCal Central and available on CenCal Health's website: [<https://www.cencalhealth.org/>]

II. GOALS AND OBJECTIVES

The goals and objectives of the CenCal Health Compliance Plan revolve around its responsibility to administer the Medi-Cal program in Santa Barbara and San Luis Obispo Counties. This general responsibility encompasses numerous individual obligations governed by legal, regulatory, and contractual obligations. These obligations are specified in CenCal Health's contract with DHCS and include the following:

- Ensuring taxpayer dollars are spent appropriately;
- Ensuring the delivery of quality health care to its membership;
- Program Integrity (preventing fraud, waste and abuse);
- Proper payment of provider claims; and
- Effective oversight of delegate and vendor organizations performing obligations on behalf of CenCal Health.

In furtherance of our obligations above, the Compliance Plan seeks to accomplish the following:

- To promote and maintain compliance with all federal and state laws, rules, and regulations that may be applicable to all aspects of CenCal Health business and operations
- To promote and maintain a commitment to high ethical, legal, and quality of care standards
- To provide a tool to all employees that strengthens efforts to foster compliant behavior and prevent or reduce improper conduct; and
- To establish and maintain a culture of prevention, detection, and resolution of conduct that does not conform to CenCal Health standards and policies, applicable law, and health care program requirements.

III. THE COMPLIANCE PROGRAM

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

i. Board of Directors

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

- Delegating compliance responsibilities to the Board Compliance and Oversight Committee;
- Approving the Code of Conduct and the Compliance Plan;
- Understanding the Compliance Program structure through training and education;
- Remaining informed of compliance enforcement activity from external agencies, notice letters and/or other formal actions.

ii. Board Compliance and Oversight Committee

CenCal Health's Board of Directors has delegated compliance responsibilities to the Board Compliance and Oversight Committee. The Compliance and Oversight Committee reviews and oversees CenCal Health's compliance with Federal and State health care program requirements, compliance program, and performance of the Chief Compliance Officer.

The Compliance and Oversight Committee presents and makes recommendations to the Board of Directors regarding CenCal Health's Compliance Program and related subject matter, including but not limited to oversight of regulatory findings and concerns of areas of non-compliance related to the CenCal Health's operations or its Subcontractors. The Compliance and Oversight Committee meets quarterly.

The Compliance and Oversight Committee Charter is included as Attachment A

iii. Compliance Committee

The Compliance Committee is made up of CenCal Health officers and employees. The Compliance Committee is responsible for the development and oversight of a comprehensive Compliance Program that includes approval of organizational policies and procedures. The Chief Compliance Officer serves as chairperson of the Compliance Committee. The Compliance Committee meets at least quarterly to enable oversight

activities such as implementation and monitoring of corrective actions and regularly records minutes of its meetings.

The Compliance Committee is responsible for assisting and advising the Chief Compliance Officer in implementing, monitoring, and coordinating compliance activities that are necessary and appropriate to carry out an effective Compliance Program. Furthermore, the Compliance Committee is responsible for reviewing policies and procedures, required trainings annually, and implementation and oversight of the risk assessment and internal review process. The Compliance Committee must maintain the confidentiality of compliance matters brought before it, consistent with applicable laws, regulations, and CenCal Health policies.

The Compliance Committee Charter is included as Attachment B. Delegation Oversight Committee (DOC) and Anti-Fraud Committee (AFC)

The Delegation Oversight Committee (DOC) and the Anti-Fraud Committee (AFC) report to the Compliance Committee. Both the DOC and the AFC refer matters as necessary, for consideration by the Compliance Committee.

The DOC Charter is included as Attachment C and the AFC Charter is included as Attachment D.

iv. Chief Compliance Officer

The Chief Compliance Officer is responsible for ensuring compliance with regulatory and contractual requirements and standards. The Chief Compliance Officer is responsible for the oversight, coordination, and implementation of the CenCal Health Compliance Plan. The Chief Compliance Officer is appointed by the Chief Executive Officer (CEO) and reports directly to the CEO and Board of Directors.

The Chief Compliance Officer is also responsible for developing and implementing policies, procedures designed to ensure compliance with the requirements and standards under the Medi-Cal managed care contract, and Federal health care program requirements. In addition, the Chief Compliance Officer monitors the day-to-day compliance activities engage in by CenCal Health and reports requirements. The Chief Compliance Officer has a direct line of communication to all Officers of the Board of Directors regarding compliance related issues by making at least quarterly reports, on an as needed basis, or as directed by the CEO.

Through the annual budget process, the Chief Compliance Officer proposes to the CEO appropriate funding for staff and compliance related activities, as needed and dependent upon budget considerations.

Generally, the Chief Compliance Officer holds a full-time senior management-level independent position at CenCal Health and reports directly to the CEO and receives training in compliance issues and/or procedures at least annually.

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

- i. The effectiveness of the CenCal Health Compliance Program is dependent upon its integration into written policies, procedures, and the Code of Conduct. Policies and procedures document the organization's regulatory and contractual requirements and what processes are implemented to ensure compliance with those requirements.

CenCal Health's policies and procedures, shall (1) detail how elements of the compliance program are operationalized; (2) outline compliant action and articulate the importance of implementation and enforcement of the program and requirements; (3) articulate how CenCal Health will ensure all Network Providers, Subcontractors, and Downstream Subcontractors comply with all applicable terms and conditions of the Medi-Cal managed care contract; and (4) be reviewed at least annually and updates to the policies and procedures shall incorporate changes in applicable laws and regulations. To ensure understanding of the requirements, CenCal Health provides notice and training of the new and or revised policies and procedures.

CenCal Health maintains a policy library where all employees have access to active policies and procedures. The Compliance Department maintains a policy administrator who assists departments to develop, prepare, store, and retrieve CenCal Health policies.

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

- ii. Code of Conduct

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

All employees are required to certify within 90 days of hire and annually thereafter, their receipt, understanding, and commitment to comply with the Code. CenCal Health is required to discuss the Code with Network Providers, contractors, Subcontractors, and Downstream Subcontractors under their immediate supervision. Subcontractors and Downstream Subcontractors are required to confirm their knowledge and understanding of the Code during and after the contract negotiation process and should encourage dissemination of the Code to their employees, agents, and Subcontractors.

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

C. EDUCATING EMPLOYEES AND CONDUCTING EFFECTIVE TRAINING

- i. CenCal Health provides general and specialized trainings to staff, Board of Directors, Subcontractors, and Downstream Subcontractors that promote and verify their understanding of CenCal Health's Compliance Plan, CenCal Health policies and procedures, applicable terms and conditions of CenCal Health's Medi-Cal managed care contract, and Federal and State requirements.

The Chief Compliance Officer, working with Compliance Department staff, develops and continuously updates compliance related training modules, which at a minimum include the below topics. CenCal Health's Compliance Committee reviews and approves the training plan annually and updates as necessary.

- The Code of Conduct
- Healthcare Fraud, Waste and Abuse (FWA)
- HIPAA Privacy and Security
- Conflict of Interest
- Cyber Security
- Board specific compliance training

The Compliance Department will ensure all staff participate in new hire and annual trainings. Staff who fail to complete new-hire or annual trainings are referred to their supervisor or department director to assist with completion.

Staff who continuously fail to meet training requirements are referred to Human Resources for further action, as needed.

ii. Tracking of Training Completion

At CenCal Health, the Compliance Department collaborates with management to ensure employees complete all required trainings by the required due date (e.g., within 90 days of employment and annually thereafter).

The CenCal Health Board of Directors shall complete all required trainings within 30 days of appointment and annually thereafter.

The Compliance Department tracks, documents, and maintains training records, materials, sign-in sheets, and attestations. Training documentation is stored for at least ten (10) years, as required by California law.

D. DEVELOPING EFFECTIVE LINES OF COMMUNICATION

- i. CenCal Health strives to foster a work environment where all employees feel comfortable reporting any instances of non-compliance or suspected Fraud, Waste and Abuse (FWA). CenCal Health maintains effective lines of communication to ensure its employees, members, Network Providers, contractors, and Subcontractors and Downstream Subcontractors can report compliance concerns and suspected FWA upon discovery.

CenCal Health maintains a non-retaliation policy, which allows individuals to make good faith reports against any person or action without repercussion or fear of retaliation. Those who retaliate against an individual who makes a good faith effort to report a compliance issue will be subject to disciplinary action, up to and including termination. All compliance investigations will be conducted confidentially to the extent permissible by law and circumstances.

ii. Compliance Hotline

CenCal Health supports good faith anonymous reporting through a variety of reporting channels accessible to all employees, Members, Network Providers, vendors, and the public.

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

- **Compliance Hotline:** 1-866-775-3944 (anonymous option)

- **E-mail:** compliance@cencalhealth.org
- **Mail:** CenCal Health
Attn: Compliance Investigator
4050 Calle Real
Santa Barbara, CA 93110
- **The Compliance Alert Line:**
<https://cencalhealth.alertline.com/gcs/overview>
- **The CenCal Health website:**
<https://www.cencalhealth.org/providers/suspect-fraud/>

Upon receipt of a report of non-compliance or potential FWA, the Compliance Department will immediately open a case file of the report. Confirmed allegations of FWA are reported to appropriate regulatory or law enforcement.

E. MONITORING AND AUDITING PROGRAMS

i. Risk Assessments

At least annually, CenCal Health conducts risk assessments to evaluate risk associated with CenCal Health's participation in Federal health care programs, including but not limited to risks associated with the submission of claims for items and services furnished to Medicaid program beneficiaries and Anti-Kickback Statute risks. The risk assessment and internal review process is conducted at least annually and shall require CenCal Health to:

- Identify and prioritize risks,
- Develop work plans or audit plans (as appropriate) related to the identified risk areas,
- Implement the work plans and audit plans,
- Develop corrective action plans in response to the results of any internal audits performed, and
- Track the implementation of the work plans and any corrective action plans and assess the effectiveness of such plans.

Risk assessments include interviews with management and executive leadership to identify potential areas for risk identification, evaluation, and mitigation. Once risk areas are identified, the Annual Auditing and Monitoring Work Plan is developed to prioritize high-risk items for the coming year. The Compliance Committee is responsible for implementation and oversight of the risk assessment and internal review process.

ii. Internal Auditing and Monitoring

CenCal Health conducts internal auditing and monitoring (IAM) as a proactive approach to continually identify and mitigate compliance risks. Whereas the Director of Audits and Monitoring is responsible for implementing and maintaining the IAM program, the Chief Compliance Officer, and the Compliance Committee oversee IAM activities at CenCal Health.

CenCal Health develops and maintains effective systems for routine auditing and monitoring as well as identification of compliance risks, including but not limited to the following:

- Facilitating, supporting, and evaluating reported results of regular monitoring of functions by their respective business owners;
- Conducting and documenting routine internal auditing of functions to identify compliance risks;
- Developing methods and tools to assess activities for compliance – this includes evaluating a function and trending activity over a period of time in order to assess patterns and variations; and
- Routine and periodic reporting of IAM activity to the Compliance Committee and Board Compliance and Oversight Committee.

The Director of Audits and Monitoring (A&M) and the A&M Department develop an Annual Auditing and Monitoring Work Plan to establish the basis for independently assessing risks, controls, and compliance with established policies, procedures, and regulations within CenCal Health. The Chief Compliance Officer and the Compliance Committee evaluates, and the BOD approves, the final Annual A&M Work Plan.

The Annual A&M Work Plan may include recommendations for process improvement or a Corrective Action Plan (CAP) for severe findings or deficiencies. A&M Department staff provide the report to management representatives with direct responsibility for the function under review. The A&M Department conducts follow-up reviews to gauge the effectiveness and completion of CAPs.

iii. Delegation Oversight

CenCal Health maintains appropriate oversight of delegated functions to first tier, downstream, and related entities (FDRs). CenCal Health conducts routine oversight and monitoring of its delegates to ensure compliance with applicable regulatory rules, contractual obligations, policies and procedures, the Compliance Plan, and State and Federal laws as applicable. FDRs may also be referred to as a Subcontractor or Downstream Subcontractor .

Prior to delegating a function to a Subcontractor, CenCal Health performs a pre-delegation assessment and review. Upon completion of the pre-

delegation assessment, the potential delegate may be issued a Delegation Agreement. Delegation Agreements are reviewed at least annually and may be renewed at the recommendation of the A&M Department following the completion of either a pre-delegation assessment or an annual audit. A Subcontractor must receive a passing score in their individual audit area for CenCal Health to delegate that audit function .

Additionally, Subcontractors and Downstream Subcontractors are subject to unannounced audits to assess their compliance with requirements set forth in the Medi-Cal managed care contract related to delegated functions.

All CenCal Health Subcontractors are subject to the oversight and monitoring mechanisms of the Delegation Oversight Committee (DOC). Delegated functions may include quality management, quality improvement, network management, utilization management, credentialing, re-credentialing, claims payments, and member's rights and responsibilities. Other functions not listed above may be delegated to a potential Subcontractor following a pre-delegation assessment or review, and a recommendation by the A&M Department to the DOC. The DOC reviews data reported to CenCal Health by its Subcontractors.

The Director of A&M (or the Director's designee) chairs the DOC, which reports to the Compliance Committee. The DOC maintains a platform for communicating general audit findings and results, new audit standards, audit schedules, general performance updates, and the development of new agreements. As a committee that reports to the Compliance Committee, the DOC will refer matters as necessary, for consideration by the Compliance Committee. The DOC Charter is included as Attachment C.

iv. External Regulatory Audits

CenCal Health maintains a contract with DHCS. DHCS annually audits CenCal Health for compliance with contractual and regulatory requirements. During the audit, state auditors evaluate CenCal Health's compliance with contractual obligations, state laws, and other rules governing the Medi-Cal program. The A&M Department is responsible for coordinating the pre-audit requests, the annual onsite audit interviews, and post-audit follow-up with DHCS.

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

At least annually, an outside independent public accounting firm with valid certification audits CenCal Health's financials for solvency. This audit is coordinated through the Finance Department with support provided by the A&M Department, as necessary.

F. ENFORCING WELL PUBLICIZED DISCIPLINARY STANDARDS

Each employee can access the Compliance Plan, Employee Handbook, and CenCal Health policies and procedures through the CenCal Health intranet site, CenCal Central. It is the responsibility of each employee to read, understand, and abide by the Code. Furthermore, employees are required to report any situation and/or circumstance for which they have a good faith belief unethical or illegal conduct may have occurred.

CenCal Health's Employee Handbook includes information regarding disciplinary action and its purpose to correct the problem, prevent recurrence, and prepare the employee for satisfactory conduct and performance in the future. The Employee Handbook includes detailed information on when disciplinary action is appropriate. Disciplinary action may include counseling, verbal or written warnings, suspension, and/or termination.

G. RESPONDING PROMPTLY TO DETECTED OFFENSES AND COMPLIANCE ISSUES

The Chief Compliance Officer maintains a system to promptly respond to and conduct investigations of reported or detected instances of non-compliance or compliance issues. Upon receiving notice of a potential compliance issue, the Chief Compliance Officer or their designee creates a record of the report and promptly begins an investigation on the merits of the referral. The Chief Compliance Officer or their designee reviews relevant documents and data, policies and procedures, and interviews relevant parties as reasonably appropriate. All investigations and relevant documentation are tracked and stored internally to ensure timely and appropriate completion.

The report may be reported to the appropriate regulatory agencies or law enforcement depending on the nature of the referral or outcome of the investigation. Recommendations may be made internally depending on the nature and severity of the referral.

H. POLICY ON DOCUMENT RETENTION

CenCal Health and its Subcontractors will maintain all documentation as required by law, for a minimum of ten (10) years from the final date of the

Medi-Cal managed care contract, or from the date of completion of any audit, whichever is later.

I. SCREENINGS AGAINST EXCLUSIONS LISTS

CenCal Health does not hire, contract, or conduct business with any individual or entity who has been sanctioned or excluded from participating in Medicare or Medicaid programs. CenCal Health does not contract with or pay claims to Providers who have been sanctioned or excluded from participating in Medicare and Medicaid programs.

All prospective CenCal Health employees, Board members, network providers, and vendors are screened against the HHS/OIG List of Excluded Individuals/Entities (LEIE) (available at <http://www.oig.hhs.gov>) and state Medicaid program exclusion lists prior to engaging their services and, as part of the hiring or contracting process or medical staff credentialing process.

All current CenCal Health employees, Board members, network providers, and vendors are screened on a monthly basis and required to disclose immediately to the Compliance Officer if they become an Ineligible Person.

If CenCal has actual notice that a CenCal Health employee, Board member, Network Provider, or vendor has become an Ineligible Person, CenCal shall remove such individual or vendor from any position for which their compensation or the items or services furnished, ordered, or prescribed by are paid for in whole or part, directly or indirectly, by any Federal health care program(s) from which they have been excluded.

Unless and until reinstated, no payment will be made by CenCal Health to an excluded individual or entity for any item or service provided by the excluded individual or entity on or after the date of exclusion.

IV. CODE OF CONDUCT

A. PREAMBLE

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

This Code governs the manner in which employees conduct business activities on behalf of CenCal Health. Employees must be familiar with this Code and adhere to it at all times. CenCal Health is also committed to creating a workplace that, at all times, is free from harassment and discrimination, where co-workers respect each other, and abide by this Code.

CenCal Health's success is dependent upon our ability to deliver quality services and the ability of our employees to conduct themselves in accordance with high standards of business ethics and the law. Employees in doubt about any aspect of this Code should contact the Chief Compliance Officer.

B. PRINCIPLES COVERED UNDER THIS POLICY

Conduct

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

Honesty. Employees shall not make false or misleading statements to any members and/or persons doing business with CenCal Health or about products or services offered by CenCal Health. Intentional acts of dishonesty are subject to strict disciplinary action, up to and including termination.

Professionalism. Personal and professional behavior shall conform to the standards expected of persons in their positions and within their responsibilities to ensure there is no misrepresentation of facts.

Duty to Safeguard. Employees shall safeguard the identity, eligibility, individually identifiable health information, and other confidential information in accordance with CenCal Health policies and applicable legal requirements.

Proprietary Information. Employees shall safeguard confidential proprietary information, which includes, but is not limited to: contractor information, proprietary systems and software, research studies, and reports.

Ethics

Compliance with the Law. Employees shall not lie, cheat, steal, or violate any law in connection with their employment with CenCal Health. Employees shall not be suspended, terminated, debarred or otherwise ineligible to participate in any Federal or State health care program. Employees shall act ethically and have a responsibility ensuring compliance.

Compliance Program and Reporting. Employees are required to promptly report suspected violations of any Federal and/or State statute, regulation, or guideline, or of CenCal Health's own policies. Employees shall make reports to a supervisor, the Chief Compliance Officer and/or anonymously to the Compliance Hotline.

Regulatory Reporting. Employees shall notify the Chief Compliance Officer immediately upon the receipt of an inquiry, or other government request for information from an external body. Employees shall not take action with regulatory bodies that is false or misleading, and will deal with regulatory agencies in a direct, open, and honest manner.

Accurate Books and Records. Financial reports, accounting records, expense accounts, timesheets, and other documents must be prompt and accurately represent the facts or true nature of the transaction. Improper or fraudulent accounting documentation or financial reporting will violate this policy and may violate the law. Employees are to report inaccuracies promptly.

Preservation of Documentation and Records. Employees shall not destroy or alter information or documents in anticipation of, or in response to, a request for documents by any governmental agency or court with jurisdiction.

Protection of Company Property. Employees are responsible for protecting and taking reasonable steps to prevent the misuse, theft, or damage to CenCal Health assets. CenCal Health property may not be converted to personal use.

Conflicts of Interest

Avoiding Conflict. Employees are expected to avoid, and not engage in, situations or business practices that conflict with the interests of the company. If under any circumstance, Employees' interests conflict with those of CenCal Health's, in all such cases the Employee must seek advice from the Chief Compliance Officer and his or her supervisor or senior management.

Business Relationships. The offering, giving, soliciting, or accepting any form of bribe or other improper payment is expressly prohibited. CenCal Health business must be executed in a manner designed to further the interests of CenCal Health, rather than the interests of an individual.

Gifts. Employees shall not accept or solicit personal gratuities, gifts, favors, services, entertainment, or any other things of value from any person or organization unless specifically permitted by CenCal Health.

Meals. Employees may not accept cash or cash equivalents. Perishable or consumable gifts given to a department are not subject to any specific limitation. Business meetings at which a meal is served are not prohibited from being provided by CenCal Health to a partner, or by a partner to CenCal Health.

Use of Funds. CenCal Health and its employees shall not make gifts of public funds or assets or lend credit to private persons without adequate consideration unless such actions clearly serve a public purpose and are approved by the Legal Department.

C. VIOLATIONS OF THE CODE

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

D. ACCOUNTABILITY

Employees are required to read, acknowledge, and sign this Code, annually. Employees understand and agree that signing the Code certifies that the Employee has received, read, agrees with, and will abide by, the Code and all CenCal Health policies.

V. ANTI-FRAUD PLAN

- i. CenCal Health maintains a Fraud, Waste, and Abuse (FWA) Plan that demonstrates a commitment to prevent, detect, and correct incidents of potential or suspected FWA. CenCal Health maintains a hotline for anonymous reporting and a Special Investigations Unit (SIU) that investigates all reports of potential FWA. The SIU works with designated state and federal agencies, and law enforcement to report individuals or organizations who may be involved in FWA or unlawful activities.

- ii. Fraud Prevention and Detection

CenCal Health utilizes a vendor that reviews claim information and notifies CenCal Health of potentially improper claims payment or suspicious trends. CenCal Health's system for processing provider claims has predetermined criteria built into the claims editor, where potential fraudulent claims are denied or pended for further review and follow-up. CenCal Health's internal departments including Recoveries, Finance, and Claims, continually analyze and review paid claims data and system reports to ensure the integrity and accuracy of provider payments.

- iii. Ongoing Prevention Efforts

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

VI. ATTACHMENT A: COMPLIANCE AND OVERSIGHT COMMITTEE CHARTER

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

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

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

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

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

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

VII. ATTACHMENT B: COMPLIANCE COMMITTEE CHARTER

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

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

Compliance Committee Responsibilities

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

Compliance Committee Membership (Voting Members)

- | | |
|---|--|
| • Chief Compliance Officer (Chair) | • Health Services Officer |
| • Chief Executive Officer | • Quality Officer |
| • Chief Customer Experience Officer / Chief Health Equity Officer | • Director of Compliance and Privacy Officer |
| • Chief Financial Officer | • Director of Audits & Monitoring |
| • Chief Information Officer | • Director of Behavioral Health |
| • Chief Medical Officer | • Director of Claims |
| • Chief Operating Officer | • Director of Finance |
| • Chief Performance Officer | • Director of Human Resources |
| • Deputy Chief Information Officer / HIPAA Security Officer | • Director of Medical Management |
| • Government Affairs & Administrative Officer | • Director of Member Services |
| | • Director of Pharmacy |
| | • Director of Provider Services |

Compliance Committee Staff (Non-Voting Members)

- | | |
|---------------------------|-----------------------------|
| • Audit Manager | • Compliance Specialist |
| • Compliance Manager | • Privacy Investigator |
| • Compliance Coordinator | • Sr. Compliance Specialist |
| • Compliance Investigator | • Sr. Delegation Specialist |

VIII. ATTACHMENT C: DELEGATION OVERSIGHT COMMITTEE CHARTER

The Delegation Oversight Committee (DOC) is responsible for developing, maintaining, and overseeing agreements as well as monitoring performance between CenCal Health and its delegates. CenCal Health, pursuant to its contract with the California Department of Health Care Services (DHCS), is accountable for all health plan functions and responsibilities that are delegated to subcontracted entities. Delegated functions may include, but are not limited to, network management, utilization management, credentialing, and re-credentialing. CenCal Health may delegate any or all of these functions to qualified entities as needed to ensure quality services reach our members in an efficient and timely manner within the confines of the law.

The DOC reviews and approves potential delegates, by performing pre-delegation audits and maintaining oversight by conducting annual surveys, overseeing performance metrics related to delegated functions to ensure compliance with CenCal Health and DHCS requirements as well as the relevant NCQA, URAC, or other applicable standards. If opportunities for improvement are identified through the oversight process, the DOC ensures stakeholders appropriately implement interventions of recommended corrective actions.

Delegation Oversight Committee Responsibilities

- Review all delegate performance.
- Review delegation arrangements to ensure CenCal Health meets objectives to provide access to the full scope of services, including but not limited to medically necessary physical and behavioral health services, and transportation.
- Maintain a reporting matrix that itemizes delegate reports, tracks reporting frequency, and ensures timeliness of report submissions.
- Review delegates' reports to ensure compliance with delegation agreements (DAs) and identify potential areas for improvement.
- Implement interventions or recommend corrective action as needed for identified compliance issues.
- Evaluate CenCal Health's compliance with applicable regulatory, accreditation, and contractual standards relevant to delegation.
- Oversee the delegates' performance of contractual obligations, their development and administration of relevant policies and procedures, their administrative capacity, performance improvement plans, and any instances of sub-delegation arrangements.
- Conduct annual surveys of each delegate; upon successful completion of each survey, the delegate's DA will be eligible for renewal and voted on by the DOC.

Delegation Oversight Committee Objectives

- Identify entities to which functions can be delegated to serve the member population and provider network most effectively, and assess the capacity of potential delegates to perform delegated functions while meeting CenCal Health and DHCS requirements, as well as relevant NCQA, URAC, or other applicable standards.

- Review pre-delegation audit results and recommends as performed by the department owner of potential delegation opportunities, prior to contract execution.
- Approval of all Das delineating responsibilities of delegate and CenCal Health.
- Review for approval monitoring activities as described in DA to ensure delegate is meeting expectations and performing delegated functions appropriately.
- Implement interventions and corrective actions through annual audit discipline.
- Recommend that DA be terminated if a delegate is unable or unwilling to meet expectations despite appropriate interventions or requests for corrective actions.
- Evaluate overall effectiveness of delegate performance within terms of the DA.

Delegation Oversight Committee Membership

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

Director of Audits & Monitoring (Chair)

Chief Compliance Officer

Chief Medical Officer

Chief Operating Officer

Health Services Officer

Quality Officer

Deputy Chief Information Officer
& HIPAA Security Officer

Director of Compliance & Privacy Officer

Director of Accounting

Director of Behavioral Health

Director of Claims

Director of Medical Management

Director of Member Services

Director of Pharmacy

Director of Provider Services

Director, Quality Improvement

Voting Rules

A vote of up or down may be brought when a quorum of 51% is met. Any motion will require a majority of the voting members or their designees, present.

Meeting Frequency

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

Committee Reporting Structure

The DOC shall report to the Compliance Committee quarterly.

IX. ATTACHMENT D: ANTI-FRAUD COMMITTEE CHARTER

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

Responsibilities of Committee

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

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

Membership

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

- Chief Compliance Officer (CCO) serves as Committee Chair
- Chief Financial Officer
- Chief Medical Officer
- Health Services Officer or designee
- Deputy Chief Information Officer or designee
- Claims Operations Director
- Compliance Director and Privacy Officer
- Behavioral Health Director
- Member Services Director
- Provider Services Director
- Quality Director
- Chief Operating Officer (Ad hoc, Non-Voting)
- Associate Director of Claims (Non-Voting)
- Compliance Investigator (Non-Voting)
- Compliance Manager (Non-Voting)

Meeting frequency

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

X. DEFINITIONS

Abuse: practices that are inconsistent with sound fiscal and business practices or medical standards, and result in an unnecessary cost to the Medi-Cal program, or in reimbursement for services that are not Medically Necessary or that fail to meet professionally recognized standards for health care. It also includes Member practices that result in unnecessary cost to the Medi-Cal program.

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

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

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

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

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

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

Fraud: an intentional deception or misrepresentation made by persons with the knowledge that the deception could result in some unauthorized benefit to themselves or some other person, and includes any act that constitutes Fraud under applicable federal or State law, including 42 CFR section 455.2 and W&I Code section 14043.1 (i).

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

yet been excluded from participation in any Federal health care program.

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

Member or Enrollee: a Potential Member who has enrolled with CenCal Health.

Network Provider: any Provider or entity that has a Network Provider Agreement with CenCal Health, CenCal Health's Subcontractor, or CenCal Health's Downstream Subcontractor, and receives Medi-Cal funding directly or indirectly to order, refer, or render Covered Services under the Medi-Cal managed care contract. A Network Provider is not a Subcontractor or Downstream Subcontractor by virtue of the Network Provider Agreement.

Network Provider Agreement: a written agreement between a Network Provider and CenCal Health, Subcontractor, or Downstream Subcontractor.

Potential Member: a Medi-Cal recipient who resides in CenCal Health's Service Area and is subject to mandatory enrollment, or who may voluntarily elect to enroll, but is not yet enrolled, in a Medi-Cal managed care health plan.

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

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

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

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

Waste: the overutilization or inappropriate utilization of services and misuse of resources.