

MCS HEALTHCARE HOLDINGS, LLC

# 2020 MCS Code of Conduct

Originally adopted by the Board of Directors on: June 24, 2010  
Last Revision Date: July 10, 2020

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## MISSION AND VISION OF THIS CODE

### MISSION

Promote and support the highest compliance level and ethical behavior throughout MCS, among all employees, and FDRs.

### VISION

To elevate corporate performance in all its relationships by upholding and supporting proper compliance and ethical conduct.

## OVERVIEW

### INTRODUCTION

MCS is committed to the highest standards of excellence, professionalism, ethics and integrity in all aspects of its operations. Adherence to these standards is vital to MCS's sustained success.

The Code is based on the laws, rules, and regulations that apply to MCS's operations. All employees and FDRs (collectively, "Covered Persons") must adhere to and comply with the provisions of this Code applicable to their activities on behalf of MCS and support MCS's commitment of complying with all applicable federal and Puerto Rico laws and regulations.

Each and every Covered Person is accountable for understanding and complying with the Code, and for immediately reporting any violations of the Code whenever it becomes aware of them.

While the specific provisions of the Code cannot address every circumstance you may encounter, they outline the basic principles that should guide all of MCS's activities. At MCS, activities are conducted in accordance with MCS's corporate values:

- **Accountability:** You are accountable for fulfilling your obligations and assuming responsibility for the results.
- **Compliance:** All of your actions and decisions are driven by the highest ethical standards and in accordance with applicable laws and regulations.
- **Trust:** You create trust and long lasting relationships with MCS's beneficiaries, employees, business partners, and the community, through compliance, with your commitments and goals.

The general guidelines of this Code, in combination with the MCS Compliance Program, the MCS Employee Handbook, and MCS policies and procedures guide us in the right direction and provide us with MCS's expectations regarding business dealings.

Answering the following questions, may also help us evaluate specific situations:

- Will my actions comply with the intent and purpose of MCS's policies and/or procedures, the MCS Compliance Program, and the MCS Employee Handbook?
- Will I harm my reputation or the reputation of MCS by this action if it becomes known to my supervisor, colleagues, business associates, other external parties, or even my friends?
- Is this action honest in every aspect?
- Could this action appear inappropriate to others, even if it is technically legal?

Regardless of the specific situation you encounter, the best course of action at all times is to be honest and forthright.

Each Covered Person is responsible of being familiar with the Code and adhere to all applicable MCS policies, procedures, and corporate standards. Violations of the Code, the MCS Compliance Program, the MCS Employee Handbook, policies, procedures or applicable laws or regulations may result in disciplinary actions, up to and including employment termination and, with respect to contractors, in contract termination. All disciplinary and corrective actions will be applied on a timely and consistent manner. MCS has also a MCS Compliance Program and compliance policies and procedures to further clarify aspects of the Code and to help ensure the proper operations of MCS.

## COMPLIANCE PROGRAM

MCS adopted and implemented a Compliance Program to describe compliance expectations as embodied within this Code. The MCS Compliance Program includes measures to prevent, detect, and correct instances of noncompliance as well as potential fraud, waste and abuse ("FWA"). The MCS Compliance Program is tailored to MCS's operations and specific circumstances.

## COMPLIANCE POLICIES AND PROCEDURES

MCS has compliance policies and procedures that are detailed and specific, that describe and implement the operation of the MCS Compliance Program, and address topics such as: MCS's compliance reporting structure, compliance and FWA training requirements, the operation of the confidential reporting lines ACTright, and other reporting mechanisms and requirements, and how suspected, detected or reported noncompliance and potential FWA issues are investigated, addressed and remediated. All policies and procedures are updated to incorporate changes in applicable laws, regulations, and other requirements. For more information refer to *MCS-Policy-001 Policies, Procedures, Code of Conduct, and Compliance Program*.

## DISTRIBUTION AND ACKNOWLEDGEMENT

MCS distributes the MCS Code of Conduct, the MCS Compliance Program, and compliance policies and procedures to employees within ninety (90) days of hire, when there are updates and annually thereafter. As a condition of employment with MCS, all employees are required to

annually acknowledge in writing that they have received, read, and agree to comply with this Code. All documents are also well-publicized using electronic tools accessible to all employees and shared with FDRs.

## INTERPRETATION AND APPLICATION OF THE CODE

All Covered Persons are expected to act, make day-to-day business decisions, and manage efforts on behalf of MCS in a responsible, professional, ethical, and legally compliant manner. This Code does not address every regulatory, legal or ethical issue that may arise nor does it contain exhaustive instructions on how to act in each specific situation or circumstance. Each Covered Person must exercise appropriate judgment to ensure that work-related decisions are wise and fair, based on an accurate understanding of the underlying facts and reflect adherence to the ethical principles set forth in the Code. The Code establishes the institutional principles and guidelines that are carried out through specific MCS's policies and procedures. Should any conflict exist between this Code and any MCS's policy or procedure, this Code shall prevail.

## TRAINING

Covered Persons are trained and/or receive training to help them conduct business in an ethical and compliant manner. Our employees (including temporary employees) receive, at a minimum a general compliance training within ninety (90) days of initial hiring, when there are updates and at least annually thereafter. Attendance and participation in this training is a mandatory condition of employment or contract with MCS. These trainings and education programs help prevent and detect possible violations to this Code. Records of these trainings must be maintained by MCS and FDRs for a period of ten years.

## RESPONSIBILITIES OF COVERED PERSONS

### ALL COVERED PERSONS

Covered Persons are responsible for recognizing and adhering to federal and local laws and regulations and MCS's policies and procedures that pertain to their areas of responsibility. They are also responsible for recognizing and reporting issues of non-compliance, including any instance of potential or suspected FWA. Finally, each one is responsible for responding timely to requests for information during audits and inquiries and participating in MCS's training and education programs when requested.

Covered Persons will cooperate, allow access, and provide requested records to auditors acting on behalf of the federal or local government. MCS will provide the Centers for Medicare and Medicaid Services ("CMS"), the Investigations Medicare Drug Integrity Contractor ("I-MEDIC"), the Puerto Rico Health Insurance Administrator or other federal or local agencies and their authorized contractors with access to all requested facilities and records associated in any manner with the Medicare Advantage and Prescription Drug program or any other MCS business. Any concerns regarding the scope of any request for documents or information will be promptly brought to the attention of the Medicare Compliance Officer or the Legal Department. Audits

and the production and/or inspection of records will be coordinated to ensure minimal disruption to normal operations.

## MCS MANAGEMENT

MCS Management is responsible for supporting and adhering to this Code and to the MCS's Compliance Program and for ensuring that all operational areas conduct their operations in strict adherence to the principles set out in both. MCS Management is expected to have a working knowledge about the regulations, federal, and local laws that govern their areas of responsibility and to ensure that policies, procedures, forms, letters, and other documents are compliant with the respective mandates. Furthermore, MCS Management is required to ensure that all employees who report to them participate in applicable corporate trainings. These include: compliance specialized trainings, and that they possess appropriate skills and expertise to perform assigned work, including conducting effective internal oversight, reporting self-identified issues, and implementing and monitoring internal or corrective action plans when issues of non-compliance are identified.

## MCS EMPLOYEES

Each MCS employee is personally responsible for conducting themselves in a compliant manner in all aspects of MCS business, and for representing the company in an ethical manner at all times. Employees must be aware of what is required regarding compliance with regulations, federal, and local laws and must abide by those requirements when carrying out their daily responsibilities. All employees are responsible for seeking clarification if they are uncertain about any requirements. Employees are further required to report any suspected or actual cases of non-compliance or potential FWA, through any of the [Confidential Reporting Lines](#) listed in this Code. Employees must refer to the *Open Doors* section in the MCS Employee Handbook for additional guidance.

## FDRs

First Tier entities must conduct business in a compliant, ethical manner and must ensure that their employees and members of their board of directors receive and abide by this Code and the MCS Compliance Program, or by their own code of conduct and compliance program if they are comparable. All FDRs are responsible for reporting to MCS any instances of non-compliance including suspected or detected FWA. Moreover, FDRs must ensure that all of their employees understand how to report suspected or actual cases of noncompliance, or FWA.

# REPORTING, INVESTIGATION AND CONFIDENTIALITY

## WHEN TO SEEK ADVICE

The people listed in the section below titled "[WHERE TO GO FOR ADVICE OR TO REPORT A VIOLATION](#)" will be available to address any question about what is the appropriate legal or ethical course of action in any given instance. If you have a question, doubt

or concern about a particular practice or activity, you should not speculate as to the correct answer or course of action. This includes situations when:

- Applicable policies and/or procedures seem difficult to interpret under the circumstances.
- The relevant laws or standards are complex.
- You have limited experience dealing with the subject matter.
- You feel you may be in a “gray area” where the proper course of action seems unclear and you need guidance.
- You find that consultation would be helpful for any reason.
- You are feeling pressured to adopt a course of action and you are unsure whether or not it is the correct path.

## WHERE TO GO FOR ADVICE OR TO REPORT A VIOLATION

You may ask questions and/or must report suspected or actual violations of noncompliance, and FWA, via one of the following **Confidential Reporting Lines**:

- Your immediate supervisor or manager
- The Medicare Compliance Officer or any member of the Compliance Department
- The **ACTright** Hotline & Web Reporting Line (available 24 hours/7 days to all Covered Persons and members of the Governing Board) at:  
[1-877-627-0004](tel:1-877-627-0004) / [mcs.com.pr](https://mcs.com.pr)
- Email: [mcscompliance@medicalcardsystem.com](mailto:mcscompliance@medicalcardsystem.com)
- The Human Resources Department

We have a duty to report potential or suspected violations of the Code or any wrongdoing. This includes situations where you know or suspect from a Covered Person, or those with whom MCS does business, are about to engage in FWA, or any other illegal or unethical activity. Failure to report misconduct may result in disciplinary actions including termination of employment, or in the case of contractors, termination of the contract.

If you wish to report anonymously, a suspected or real violation of this Code or any other behavior that is of concern to you, you may call [1-877-627-0004](tel:1-877-627-0004) or access: [mcs.com.pr](https://mcs.com.pr). If you choose to reveal your identity, it will not be disclosed unless it becomes absolutely necessary during an investigation. Please refer to policy *MCS-Policy-004 Effective Lines of Communication* and related procedures for additional details regarding how to utilize the **Confidential Reporting Lines**.

If you are uncomfortable using any of the Confidential Reporting Lines above for reporting violations or concerns, you may contact any of the members of the Board by writing to:

MCS Board of Directors  
JLL Partners  
450 Lexington Avenue, 31st Floor  
New York, NY 10017



## NON-RETALIATION AND NON-INTIMIDATION

MCS prohibits retaliation and intimidation against any Covered Person for good faith participation in the compliance program and making a good-faith report of concerns about actual or potential wrongdoing, including but not limited to, violations of this Code, the MCS Compliance Program, policies and procedures, or of any applicable law or regulation. No adverse action will be taken by MCS against a Covered Person for complaining about, reporting, participating, investigating or assisting in the investigation of a suspected violation, unless the allegation made or information provided is found to be intentionally false. Retaliation and intimidation against any Covered Person, who in good faith assists in the investigation of any reported concern, is also prohibited. Any Covered Person, who engages in retaliation, intimidation and/or harassment, may be subjected to disciplinary action in the case of employees, or other appropriate action in the case of contractors.

All employees, and FDRs are responsible for ensuring the effectiveness of the MCS Compliance Program and Code of Conduct by actively participating in the reporting of potential compliance violations and any instances of suspected retaliatory and intimidating acts. MCS abides by all federal regulatory requirements regarding reporting compliance concerns and maintaining a culture of non-retaliation and non-intimidation, including but not limited to the False Claims Act and associated whistleblower provisions.

Concerns about retaliatory or intimidating behavior should immediately be reported through the MCS [Confidential Reporting Lines](#). Please refer to policy *MCS-Policy-008 Non Intimidation and Non Retaliation* and related procedure.

## CONFIDENTIAL REPORTING

MCS strives to preserve the confidential nature of the reports it receives, including the identity of the person making the report, if requested. As outlined in this Code, Covered Persons have the option of reporting compliance concerns anonymously through the ACTright [Hotline & Web Reporting Line \(ACTright\)](#) and may feel secure that their anonymity will be maintained, except when (a) disclosure becomes necessary for a proper investigation, and even then, disclosure will be made solely on an as-needed basis, or (b) when disclosure is legally required by subpoena or court order.

MCS conducts investigations of any actual, potential or suspected misconduct with utmost discretion and confidentiality, being careful to protect the reputation and identities of those being investigated.

## INVESTIGATION OF COMPLIANCE CONCERNS

Upon receipt of a report of suspected or actual non-compliance and/or FWA through the reporting mechanisms, MCS will initiate an investigation as quickly as possible, but not later than two (2) weeks after the date when the potential noncompliance or potential FWA incident was identified or reported. Investigation activities include, but are not limited to, review of all related documentation, and interviews of appropriate individuals. A determination will be made and

cases of confirmed non-compliance may result in enforcement and disciplinary actions, up to and including employment termination, and with respect to contractors, corrective actions, monetary penalties and/or contract termination.

## AUDITS AND INVESTIGATIONS

All Covered Persons are required to fully cooperate with all audits, inquiries, investigations and other reviews conducted by MCS, its designee, outside party, and/or regulators.

Full cooperation includes promptly, completely, and truthfully complying with all requests for documents, information, and interviews, including, but not limited to:

- Retaining and producing, as requested, all potentially relevant records.
- Attending interviews and responding completely and truthfully to interview questions.
- Where an audit, inquiry, investigation or other review is being conducted by an outside party, complying with that outside party's requests as directed by the MCS Compliance, Human Resources, or Legal Departments.

Failure to comply with this provision of the Code may result in corrective action, up to and including employment and contract termination. Appropriate measures will be undertaken in the case of contractors.

## ENFORCEMENT AND DISCIPLINARY ACTIONS

MCS expects the conduct of all Covered Persons to be governed by the highest ethical standards, good judgment, and consideration to others and to fully meet its job responsibilities or contractual obligations. Any act that may be considered to be contrary to federal and Puerto Rico laws and regulations, MCS Code of Conduct, MCS Compliance Program, MCS Employee Handbook, and MCS policies and/or procedures that may be harmful to another person, may result in employee disciplinary actions, up to and including employment or contract termination. Acts that are subject to immediate corrective action include, but are not limited to, the following:

- Violating laws, regulations, this Code, the MCS Compliance Program, the MCS Employee Handbook, MCS's policies, and/or procedures.
- Failing to satisfactorily implement corrective actions as a result of noncompliance actions.
- Directing or encouraging others to violate laws, regulations, this Code, the MCS Compliance Program, the MCS Employee Handbook, MCS's policies, and/or procedures.
- Failing to report known or suspected violations of laws, regulations, this Code, the MCS Compliance Program, the MCS Employee Handbook, MCS's policies and/or procedures.
- Failing to exercise reasonable due diligence to detect misconduct on the part of employees or business partners under your supervision.
- Interfering with or being uncooperative during an internal or external investigation or audit.

- Knowingly, willfully or negligently providing false or incorrect information to MCS or to a government agency, beneficiaries or contractors or falsifying any document or MCS record.
- Intentional or willful destruction of MCS's records or of any evidence relevant to an investigation of a suspected violation of law or of MCS's Code of Conduct, MCS Compliance Program, and/or MCS policies, and procedures.
- Intimidation or retaliating against others for reporting a concern or a suspected or actual violation.

Any applicable corrective action will be timely, consistent, and proportional with the severity of the violation. The employee may be subject to: re-training, written memorandum, suspension or termination and in the case of FDRs: corrective action plans, monetary penalties or contract termination. Covered Persons also should be mindful that violations of laws, regulations, this Code, the MCS Compliance Program, the MCS Employee Handbook, MCS's policies, and/or procedures could trigger external legal action against the wrongdoers in an individual or collective level. Criminal or government enforcement action can include: suspension or revocation of licenses, sanctions, monetary fines, criminal penalties, and imprisonment. For more information, refer to *MCS-Policy-026 Employee Disciplinary Standards - Non Compliance Instances* and related procedures.

## CONFIDENTIAL INFORMATION

### *Belonging to MCS:*

All information pertaining to the operations, activities, and business affairs of MCS, its beneficiaries, and Covered Persons must be kept confidential to the greatest extent possible. Never disclose confidential information without prior approval. Confidential information includes: all non-public information that might be of use to competitors, or that might be harmful to MCS or its beneficiaries if disclosed. Confidential and proprietary information about MCS is sole property of MCS, and must be treated with the strictest confidence and is not to be disclosed to, or discussed with, others.

### *Belonging to Beneficiaries:*

As part of its business, MCS receives medical information and other personal information from health care providers and beneficiaries, including information related to beneficiaries' medical conditions and health status. Covered Persons must respect and preserve the confidentiality of all beneficiary health information, and other personal, confidential, or non-public information of beneficiaries. Covered Persons are required to abide by the rules and regulations of the Health Insurance Portability and Accountability Act ("HIPAA"), as well as any applicable Puerto Rico law, concerning the privacy of beneficiary health information and must do their part to protect it. Covered Persons may make use of such information only for purposes of carrying out their job responsibilities, and must comply with all safeguards established by MCS for this purpose. Except, as expressly permitted by the beneficiaries and by federal and Puerto Rico law, Covered Persons must not disclose such information to any third party. Covered Persons must report any

suspected violations of privacy and security via the MCS [Confidential Reporting Lines](#). MCS maintains documentation of such reports and investigates them in conformity with applicable policies and/or procedures.

#### *Belonging to Others:*

Covered Persons must respect the confidentiality of information belonging to others, including, but not limited to, trade secrets and other information given in confidence by partners, suppliers, contractors, competitors, providers, beneficiaries, or others, just as MCS protects confidential information. Nonetheless, certain restrictions involving the information of others may place an unfair burden on the future business of MCS. For that reason, Covered Persons should consult with the supervisors, to ensure appropriate agreements are in place prior to receiving any confidential third-party information. Such agreements must reflect a balance between the value of the information received, and the logistical and financial costs of maintaining the confidentiality of the information, and the business needs and goals of MCS.

Any confidential information that Covered Persons possess from an outside source, such as a previous employer, must not, so long as such information remains confidential, be disclosed to or be used by MCS. Covered Persons must not use any confidential, proprietary, and/or non-public information from any former employers, medical groups, or customers in connection with your service to MCS. To the extent that you have entered into a valid and enforceable contract with a former employer containing confidentiality, non-solicitation or non-competition provisions, you should notify the Human Resources Department about the contract and provide a copy of it.

Unsolicited confidential information submitted to MCS should be refused, returned to the sender where possible, deleted if received via email or the Internet, and reported to your supervisor or a member of senior management.

## WORK ENVIRONMENT

### EXPECTED CONDUCT FROM EMPLOYEES

We are a team, and MCS's success depends on your contribution and ability to inspire trust and confidence of your co-workers, supervisors, and others. Respect for the rights and dignity of others, and a dedication for the wellbeing of MCS, are essential. It is MCS's policy, among other things:

- To recruit, hire, train, promote, and administer all personnel actions on the basis of qualifications and performance.
- Not to discriminate on the basis of race, color, religion, creed, age, sex, veteran status, marital status, sexual orientation, national origin, disability, genetic information, status as a victim of domestic violence, and/or stalking, or other legally protected conditions.

- To encourage an open discussion among employees of all levels and to provide an opportunity for feedback throughout the organization, from senior employees to junior employees and from junior employees to senior employees.
- To prohibit harassment in the workplace based on race, color, religion, creed, age, sex, veteran status, marital status, sexual orientation, national origin, disability, genetic information, status as a victim of domestic violence, and/or stalking, or other legally protected condition.
- To provide our employees and visitors a safe and secure environment while at MCS's facilities.
- To respect all workers' rights to dignity and personal privacy by maintaining the protection of confidential employee and beneficiary information, including protected health information, as defined by HIPAA law.

For more details, please refer to MCS-ME-001 MCS Employee Manual.

## HEALTH AND SAFETY

MCS strives to protect the environment, health, and safety of its employees through compliance with applicable health, safety, and environmental laws and regulations. Each employee is also expected to comply with MCS's policies, programs, standards, and procedures, to protect and report accidents, injuries, and unsafe equipment, practices, or conditions. Employees must refer to the *Occupational Health and Safety* section of the MCS Employee Handbook for more details.

The possession or use of firearms or other weapons on MCS's premises by anyone other than a member of law enforcement conducting official business is strictly prohibited. Safety can only be achieved through teamwork. You must practice safety awareness by thinking defensively, anticipating unsafe situations and reporting unsafe conditions immediately. A violation of a safety precaution is in itself an unsafe act.

Please observe the following precautions:

- Notify your direct supervisor of any emergency situations. If you are injured or become sick at work, you must inform your direct supervisor immediately.
- Understand your job fully and follow instructions. If you are not sure of what is the safe way to carry out a specific task, do not guess; ask your supervisor.
- Know the locations, contents, and proper use of first aid and firefighting equipment.
- Do not remove or disable any safety device or safeguards on emergency-response equipment unless you need to use any equipment for purposes of responding to an emergency.

## ALCOHOL AND DRUG USE

MCS strives to maintain a drug-free work environment. Accordingly, the use and/or possession of alcohol or illegal drugs is prohibited on MCS facilities. Employees must refer to the *Work Environment Free from Drugs, and Work Environment Free from Alcohol* section in the MCS Employee Handbook.

## RESPONSIBLE USE OF MCS RESOURCES AND ASSETS

### COMPUTER AND INFORMATION SYSTEMS

Every employee is responsible for the appropriate use of telephones, computers, and any MCS-issued mobile communication devices. Except for limited, incidental personal use, such equipment is intended and must be only used for business purposes. Personal use of electronic equipment and systems may be subject to access and usage restrictions. Employees must refer to the *Use of Internet and Electronic Mail* policy and/or procedure in the MCS Employee Handbook for additional guidance.

Accessing, displaying, transmitting, and/or downloading websites that contain sexual, illegal or discriminatory content is strictly forbidden.

- Emails sent over MCS's network and equipment are MCS's property, and no one should expect a right to privacy regarding the use of email or Internet. MCS reserves the right to review, monitor, and record any employee's email correspondence and Internet usage without prior notice.
- No one may access, or attempt to obtain access to, another individual's or MCS's electronic communications without appropriate authorization.

### SAFEGUARDING PHYSICAL AND INTELLECTUAL PROPERTY

Everyone is expected to demonstrate proper care when using MCS's property and equipment. Employees should use MCS's assets only for their intended use and as authorized. In addition, MCS's employees have the responsibility to protect MCS's assets against theft and misuse. No property may be removed from the premises without proper authorization. No information may be used or disclosed for a non-MCS purpose without the authorization of an executive officer or unless required or mandated by law or regulation.

### MCS ASSETS

MCS's assets must be used only for legitimate business purposes. You must protect MCS's assets and may not use them for personal benefit or gain. Any document, program, or other material created by an employee while working at MCS, or while using MCS's resources, is property of MCS, even after the cessation of employment with MCS.

These materials include but are not limited to:

- Beneficiaries lists
- Databases
- Records
- Reports
- Supplies
- MCS computer systems, including your email and your Internet access
- MCS intellectual property, ideas and innovations

## CONDUCT INVOLVING BUSINESS RESOURCES

### ACCURACY OF BOOKS, RECORDS AND FINANCIAL REPORTING

MCS's books, records, and accounts as well as those of FDRs must accurately and fairly reflect the business transactions and assets of MCS or the FDR entity. All MCS assets, profits, losses, and transactions must be properly documented, fully accounted for, promptly recorded in the appropriate books and records, and properly reported in conformity with applicable accounting, and related principles. Each employee must:

- Keep accurate and complete financial records, books, and reports for all transactions.
- Accurately document in MCS's books and records, all profits, losses, financial transactions and matters involving its assets, and business.
- Immediately report any irregularities related to accounting, auditing, or internal control issues to the appropriate MCS official.

No business records, including records pertaining to the provision of health care services, must ever be falsified or altered. The creation or participation in the creation of MCS records that may have the potential or actual effect of misleading or of concealing improprieties is strictly forbidden. Specifically, no one may directly or indirectly:

- Make or cause another person to make a false or misleading statement or report.
- Fail to state, or cause another person to fail to state, any fact that, when omitted from a statement, renders that statement misleading.
- Be dishonest or deceptive in recording business transactions or maintaining records.

If you are not sure about the accuracy or completeness of information, do not guess. Take all necessary steps to ensure that you have the correct information or promptly discuss the situation with your supervisor.

MCS's commitment to accurate financial books, records and reports extends to all transactions, including any payment or receipt of money, transfer of property, property interest, ownership or ownership interest or furnishing of services. Actions that may be intended or perceived to be intended to influence MCS's auditors in an improper manner are strictly forbidden.

## ACCURACY OF MEDICAL RECORDS AND INFORMATION

MCS's medical records and information must be complete and accurate in all respects and maintained in accordance with managed care practice standards and applicable legal requirements. All billing policies, arrangements, medical records, protocols, and instructions must comply with reimbursement requirements under Medicare and/or other applicable medical reimbursement programs and regulations.

## RETENTION OF RECORDS

A record is any information, regardless of format, which has been created or received in the transaction of MCS business. The format of a record can be physical (including hard copy files, electronic, magnetic tape, and disks, etc.) or electronic (including images, audio or video recordings, and computer generated data, etc.)

MCS record retention policy *MCS-Policy-010 Document Retention and Access to Records by Federal and Commonwealth Regulatory Authorities*, and related procedure establishes consistent practices concerning how long records should be kept and when, in the normal course of business, they should be destroyed. You must comply with all record retention policies and with any document or record preservation notices. Records must be maintained for the duration of assigned retention periods. Records that are possibly relevant to litigation or a government investigation may not be destroyed until the matter has been concluded and the Legal Department or his/her designee has approved, in writing, of the destruction. Destroying or altering documents with the intent to obstruct a pending or anticipated official government proceeding is a criminal act and could result in large fines and incarceration.

## THE MARKETPLACE

### CONFLICT OF INTEREST

A “conflict of interest” exists whenever an individual’s private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of MCS. It is your responsibility to avoid and report situations in which your personal and/or business interests could conflict with the interests of MCS.

Conflicts of interest can arise in a variety of circumstances. These may include situations in which an individual may receive funds, property, or services from other parties in addition to the standard compensation received from MCS, or in which an individual’s personal interests, including the interests of family members, may conflict with those of MCS. In addition to conflicts of interest arising when your responsibilities at MCS present an opportunity for personal gain apart from your normal compensation from MCS, conflicts of interest may arise when you take action or have an interest that may make it difficult to perform your work on behalf of MCS in an objective and effective manner.

Federal and local laws also have specific restrictions and rules on conflicts of interest. Please consult with your supervisor, a member of management, or the Legal Department if you have a



question about one of these rules. Covered Persons are required to immediately disclose all actual or potential conflicts of interest to MCS. MCS provides different mechanisms to report actual or potential conflicts of interest listed in the section titled “[WHERE TO GO FOR ADVICE OR TO REPORT A VIOLATION](#)”.

While it is not possible to describe every situation, the following are examples of potential conflicts of interest.

*Financial Interests:*

- Having or contemplating a financial transaction involving a personal or financial interest that may affect MCS.
- Having or contemplating a financial interest in any business with which MCS has a business relationship.
- Acquiring real estate or seizing any other business opportunity in which the employee knows or has reason to know that MCS may be interested.

A financial interest in this sense, does not include ownership of a small number of publicly traded securities of a corporation.

*Information:*

- Obtaining or releasing confidential information or data concerning MCS or its operations without proper authorization.
- Using any material, non-public information in relation to the sale or purchase of stock or other securities.

*Employment, Memberships and Business Relationships:*

- Obtaining a secondary employment with competitors or any company seeking to have a business relationship with MCS.
- Serving or accepting a position on the board of directors of another company, civic association, or non-profit organization without express written approval from senior management and designated personnel within the Compliance and Legal Departments.
- Using relatives of current employees in a sub-contracting arrangement, unless specifically cleared in advance by MCS's Compliance, Legal and Human Resources Departments.
- Hiring relatives of current employees where such relative reports to, or is evaluated by the current employee (Refer to the *Hiring of Relatives Policy and/or Procedure* in the MCS Employee Handbook for additional guidance).
- Using a former government employee on a project in which that individual personally participated while working for the government, unless the former government employee has fully complied with relevant “revolving door” statutes. Questions regarding this policy should be directed to the Medicare Compliance Officer or the Legal Department.
- Allowing the hiring or placement of a relative where said relative will report to or will be evaluated to him or herself.

For more information, refer to policy *MCS-Policy-009 Employee Conflict of Interest* and related procedures.

## BUSINESS COURTESIES, GIFTS AND ENTERTAINMENT

MCS Employees must maintain the highest standards of integrity and objectivity in dealing with vendors and providers. MCS Employees are prohibited from accepting or giving gifts or gratuities beyond common business courtesies of nominal value. Working with the government is different, in relation to giving and receiving gifts. Gifts or items of any value must never be offered to or accepted from government employees. Under no circumstances will MCS employees accept or give kickbacks when obtaining or awarding contracts, services, referrals, goods, or business. A kickback means to willfully offer, receive, request, or pay anything of value, even nominal value, in order to induce or reward referrals of business including goods or services.

MCS Employees will not accept or offer gifts, gratuities or favors except those associated with common business courtesies of a nominal value of \$100 or less given to or received from one source. Any MCS Employee must report all gifts to the Compliance and/or Human Resources departments. Proposed gifts to an MCS business partner in amounts exceeding this policy require the prior written approval of the Chief Executive Officer. MCS Employees must always use their good judgment before accepting any business courtesies or gift, and in questionable cases, consult your supervisor or a member of the Compliance, Human Resources or Legal Departments. You must not offer or accept gifts of cash, trips, or cash equivalents to or from any current, former or potential vendor, customer, broker, or provider. Cash equivalents include checks, honorariums, money orders, stocks and savings bonds. Gift certificates and gift cards are not considered cash equivalents for the purposes of this Code, but, are subject to the guidance on common business courtesies stated above.

If you have any questions or are uncertain as to whether a proposed business courtesy, gift, and entertainment is appropriate, you should discuss the gift with your supervisor who will discuss it with the Compliance or Legal Departments as necessary.

## BRIBES, KICKBACKS AND ILLEGAL INDUCEMENTS

MCS complies with applicable anti-kickback laws and regulations. The Federal Anti-Kickback statute is a federal law designed to protect patients and federal health care programs (e.g., Medicare) from fraud and abuse by making it a criminal offense to knowingly and willfully offer, pay, solicit, or receive anything of value (also called remuneration) directly or indirectly to induce or reward referrals of items or services reimbursable by a Federal health care program. Examples of kickbacks may include:

- Providing gifts or cash incentives to beneficiaries in exchange for enrollment.
- Paying (in cash or in kind) physician offices in exchange for enrolling or referring patients.
- Accepting payments from drug or device manufacturers in exchange for coverage of their products.

You may not offer, give, or accept money, gifts, loans, rewards, favors, or anything of value that constitutes, or reasonably could be perceived as constituting, a bribe, or other improper business inducement.

“Anything of value” can take many forms beyond currency. It includes entertainment (excluding business meals), credits, free goods or services, forgiveness of a debt, sale, or purchase of an item below market value, as well as compensation for unnecessary services or for legitimate services at a rate exceeding fair market value.

You must not make any illegal or improper payment using MCS' funds or assets.

## FAIR COMPETITION AND ANTITRUST LAWS

MCS seeks to compete in a fair and honest manner. All Covered Persons must deal fairly with MCS providers, beneficiaries, suppliers, service providers, and competitors. MCS complies with all applicable antitrust laws. Anticompetitive behavior in violation of antitrust laws can result in civil and criminal penalties, both for you and for MCS. These laws exist to ensure the market for goods and services operates competitively and efficiently.

The following conduct could raise issues under the antitrust laws. Do not engage in this conduct, and if you are asked to do so by a competitor, you must consult with your supervisor or a member of the MCS Legal Department on how to proceed:

- Entering into any agreement, understanding, or even discussion with a competitor regarding the providers with which MCS will contract and any terms of those provider contracts.
- Entering into any agreement, understanding, or even discussion with a competitor regarding which health plan offerings or other products or services MCS will sell, and the terms of such offerings, products, or services.

In addition, certain contract terms can raise antitrust issues, and should be reviewed by the Legal Department. These include terms that involve exclusivity, the agreement is made to provide one product or service conditioned on an agreement to provide another (e.g., an “all products” clause), or “most-favored nation” provisions.

More generally and apart from antitrust laws, MCS prohibits taking unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealings.

## GOVERNMENT REIMBURSEMENT AND THE FALSE CLAIMS ACT

As a provider of services under contracts with the federal government, MCS is subject to the federal False Claims Act, which prohibits a person from “knowingly”:

- Submitting, or causing the submission of, a false or fraudulent claim to the government for payment; or

- Concealing or improperly avoiding an “obligation” to pay or transmitting money or property, among other fraudulent activities.

MCS adheres to all applicable laws, rules, regulations, and program requirements when filing or otherwise presenting any bid, bill, or claim for payment, any cost or expenditure report, any encounter data or other medical record reports, or any other information to federal healthcare programs.

If you have any uncertainty about the proper application of government program rules or requirements to any document prepared for submission to the government, or any questions about the accuracy or completeness of a submission, you have a responsibility of raising the issue with your supervisor, the Medicare Compliance Officer or the Legal Department.

## WHISTLEBLOWER (QUI TAM) PROTECTION ACT

MCS and FDRs must abide with the "qui tam" provision of the Federal False Claim Act. This provision allows people who are not affiliated with the government to file actions on behalf of the government (called "whistleblowers" informally or "relators" per the legal term). The provision also protects employees who file a Federal False Claim Act qui tam case from discharge, demotion, suspension, threats, harassment, and discrimination in the terms of condition of their employment. Whistleblower employment protection under the Federal False Claim Act also provides for reinstatement with seniority status, special damages, and double back pay.

## AFFORDABLE CARE ACT

MCS and FDRs must abide with the Patient Protection and Affordable Care Act of 2010 as well as the Health Care and Education Reconciliation Act of 2010, as amended, together known as the Affordable Care Act. MCS and/or FDRs are prohibited to knowingly:

- Order or prescribe a medical or other service during a period in which a person was excluded from a federal health care program which the person knows or should know that a claim for the item or service will be under the program; or
- Make or cause any false statement, omission or misrepresentation of a material fact in any application, bid, or contract to participate in or enroll under a federal health care program; or
- Fail to report and return overpayment within specific time frames required by applicable law.

## PROCUREMENT INTEGRITY

MCS complies with all laws and regulations applicable to the procurement of goods and services. MCS treats all parties with which it has a business relationship fairly and conducts itself in an ethical manner when obtaining new business. All proposals and contracting arrangements must accurately reflect MCS's experience and capabilities, and should be based on the price, quality, service, and ability to meet MCS's needs (or the needs of the other party).

## CORPORATE OPPORTUNITIES

Each Covered Person owes a duty to MCS to advance the legitimate business interests of MCS when the opportunity to do so, arises. Covered Persons are prohibited from taking for their own gain or directing to a third party a business opportunity that is discovered through the use of MCS's property, information, or position, unless MCS has already been offered and declined the opportunity. More generally, all Covered Persons are prohibited from:

- Competing with MCS.
- Using MCS's position or property, including computer systems and proprietary information, for personal gain.
- Taking a business opportunity that rightfully is MCS's opportunity for their own or for a family member, or directing such an opportunity to a third party.
- Helping anyone else take an opportunity that rightfully is MCS's opportunity, for his/her own benefit (even if the person providing the assistance does not benefit financially from doing so).

## POLITICAL CONTRIBUTIONS AND ACTIVITIES

MCS encourages active participation in civic affairs and the political process as long as it is clear that the participating individuals are not speaking or acting on behalf of MCS. You may participate in political activities only in your individual capacities, on your own time, and at your own expense. Excluding situations in which you participate in political activities at the direction of and authorized by MCS, you must ensure that when participating in political activities in your individual capacity, you do not leave the impression that you speak or act on behalf of MCS. You are prohibited from using funds, facilities, or other MCS assets to support, either directly or indirectly, any political candidates or political parties inside or outside the United States unless expressly previously authorized in writing by the Chief Executive Officer.

## LOBBYING

MCS is committed to abide by the laws and regulations relating to the lobbying of federal and local government officials on its behalf, including reporting and certification requirements. All lobbying activities and related expenditures must comply with applicable MCS policies and procedures.

## RESPONDING TO GOVERNMENT AUDITS, INSPECTIONS AND INVESTIGATIONS

MCS abides with all applicable local and federal laws, regulations, rules, ordinances and restrictions, and responds fully and accurately to government audits, investigations, inspections, and other requests for information. Failure to do so, may result in sanctions, penalties, fines administrative, regulatory or legal action imposed for inaction, delays or failures to respond to government bodies. It is the policy of MCS to cooperate fully with government agencies in their investigations. All employees should bring any instance of the following to the immediate attention of management, the Medicare Compliance Officer and/or the Legal Department.

- Requests or subpoenas to appear or testify before a grand jury, government agency, commission, legislative, or administrative body.
- Notification of investigation by authorities responsible for enforcing laws.
- Non-routine inspections, visits, interview requests, and requests for MCS documents by any federal, local, or foreign government or government agency (e.g., requests not in the course of normal business, requests from enforcement agencies, etc.).
- Communications or notices received from government bodies or agencies imposing or threatening substantial fines, penalties, or injunctive action.

Employees must seek and follow advice from the Human Resources Department on applicable leaves of absences in order to be properly excused from work and to reserve his/her employment in connection with appearances before a grand jury, government agency, commission, and/or legislative or administrative body.

## EXCLUDED INDIVIDUALS AND/OR ENTITIES

MCS abides by the OIG's requirement to screen all individuals and entities excluded from participation in Federal Health Care Programs. This takes place through screening of new employees, temporary employees, consultants, members of the Board, and FDRs, at time of hire, appointment or execution of a contract and monthly thereafter.

MCS screens individuals and entities prior to hire, appointment or execution of a contract, and monthly thereafter against the exclusion list maintained by the Office of the Inspector General ("OIG") of the Department of Health and Human Services, and the list maintained by the General Services Administration ("GSA"). If the name of an individual or entity appears on either the OIG or GSA list, MCS will not contract with that individual or entity and, if a relationship exists, the same will be terminated.

In addition, MCS screens against the Preclusion List, issued by CMS, to identify providers and prescribers who are precluded from receiving payment for Medicare and Medicaid items and services, and/or Part D drugs furnished or prescribed to Medicare and Medicaid beneficiaries.

FDRs are responsible for ensuring a process is in place to screen both potential and actual employees, contracted and/or individual entities against the OIG and GSA exclusion lists and the preclusion list and report to MCS on a periodic basis.

## QUALITY OF CARE

MCS is committed to providing quality care to all beneficiaries, and is subject to a variety of laws and regulations intended to ensure that beneficiaries enrolled in government health care programs receive services appropriate to meet their needs. You must remain aware of the need to manage the provision of quality care to all beneficiaries and safeguard against the underutilization of care. This means, among other things that it is unacceptable to:

- Deny payment of claims that qualify and are authorized for coverage.
- Delay approval of, or fail to approve, timely submitted, medically necessary referrals.

- Fail to contract sufficient providers in a geographic area to meet the needs of the beneficiaries, as defined by law.

If you are aware of any action that may negatively impact the services our beneficiaries need, you must report these actions immediately.

## CONCLUSION

Your commitment to act in compliance and follow this Code is key to maintain a culture of trust and integrity in MCS. You can access this Code through the following mechanisms:

- Compliance 360 Policies and Procedures (Corporate Policies and Procedures Folder)
- MCS Intranet
- MCS Webpage: [mcs.com.pr](http://mcs.com.pr)
- MCS Classicare Webpage: [mcsclassicare.com](http://mcsclassicare.com)
- MCS Provinet: [provinet.mcs.com.pr](http://provinet.mcs.com.pr)

Thank you for your collaboration and efforts to ensure we achieve our shared goals of profitable business success in an environment of trust and high ethical and business standards.

## DEFINITIONS

1. CMS: (Centers for Medicare and Medicaid Services): Is the federal agency that regulates and monitors the benefits provided to the Medicaid and Medicare populations.
2. FDR: First Tier, Downstream, or Related Entity
  - First Tier Entity: is any party that enters into a written arrangement, acceptable to CMS, with a Medicare Advantage Organization (MAO) or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the MA program or Part D program. (See, 42 C.F.R. § 422.501 and 423.501).
  - Downstream Entity: is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the Medicare Advantage (MA) benefit or Part D benefit, below the level of the arrangement between a MAO or applicant or a Part D plan sponsor or applicant and a First Tier Entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services. (See, 42 C.F.R. §, 422.501 and 423.501).
  - Related Entity: means any entity that is related to an MAO or Part D sponsor by common ownership or control and performs some of the MAO or Part D plan sponsor's management functions under contract or delegation; furnishes services to Medicare enrollees under an oral or written agreement; or leases real property or sells materials to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period. (See, 42 C.F.R. § 422.501 and 423.501).

3. HIPAA: The Health Insurance Portability and Accountability Act is a federal legislation approved by Congress regulating the continuity and portability of health plans, mandating the adoption and implementation of administrative simplification standards to prevent, fraud, abuse, improve health plan overall operations and guarantee the privacy and confidentiality of individually identifiable health information, among other requirements.
4. I-MEDIC: Qlarant is the Medicare Part C and Part D program integrity contractor for the Centers for Medicare & Medicaid Services (CMS) under the Investigations Medicare Drug Integrity Contract (I-MEDIC). The purpose of the I-MEDIC is to detect and prevent fraud, waste and abuse in the Part C (Medicare Advantage) and Part D (Prescription Drug Coverage) programs on a national level.



## EMPLOYEE - ACKNOWLEDGEMENT FORM

As an MCS employee, I certify that I have received the MCS Code of Conduct and agree to access the Compliance 360\* application to review the MCS Compliance Program, compliance policies listed here with their related procedures that include but are not limited to:

- MCS-Policy-001: Policies, Procedures, Code of Conduct, and Compliance Program
- MCS-Policy-002: Compliance Officer, Compliance Committee, and High Level Oversight
- MCS-Policy-003: Effective Training and Education
- MCS-Policy-004: Effective Lines of Communication
- MCS-Policy-005: Well Publicized Disciplinary Standards
- MCS-Policy-006: Effective System for Routine, Monitoring, Auditing
- MCS-Policy-007: Prompt, Response to Compliance Issues
- MCS-Policy-008: Non Intimidation and Non Retaliation
- MCS-Policy-009: Employee Conflict of Interests
- MCS-Policy-010: Document Retention and Access to Records by Federal and Commonwealth Regulatory Authorities
- MCS-Policy-026 Employee Disciplinary Standards - Non Compliance Instances

I agree to read and comply with the standards established in the Code of Conduct of MCS and with everything related to it, including, but not limited to, the MCS Compliance Program, compliance policies and procedures of MCS, as part of my employment condition or contract with the company. I recognize that the MCS Code of Conduct is only a declaration of principles for individual and business conduct, and it does not constitute a contract of employment or association. I will inform promptly any potential or actual violation that I know or identify, using any of MCS's confidential reporting lines. I understand that any violation to the MCS Code of Conduct, MCS Compliance Program, or any policy and/or procedure of MCS is a reason for a disciplinary action that could include employment termination.

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Name (Please print)

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Employee number

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Signature

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Date

\* If you do not have access to the Compliance 360 application, and want to have these documents printed, you can contact your immediate Supervisor or the Compliance Department through [mcscompliance@medicalcardsystem.com](mailto:mcscompliance@medicalcardsystem.com)



**Together We Comply!**