

Code Blue

Blue Cross Blue Shield of Arizona's Code of Conduct



BlueCross
BlueShield
of Arizona

An Independent Licensee of the Blue Cross and Blue Shield Association

2009-2010



*We take pride in doing
the right thing!*

To report a Code Blue violation, call the Ethics Line at (800) 500-0333.

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Dear BCBSAZ Employee,

BCBSAZ is proud of its leadership and reputation as an Arizona company that is committed to the highest ethical standards. Our BCBSAZ roots have a long history of commitment to integrity and respect. Our company's commitment to those standards and values is defined in BCBSAZ's Code of Conduct – known as Code Blue.

Code Blue captures the overarching principles for how BCBSAZ conducts its business. Our goal is to be the most respected brand in health care by making and keeping promises to our customers, our communities, and each other. Code Blue highlights our commitment to maintaining a corporate-wide culture of ethical behavior.

Katie Osborne, our Compliance Officer, and the Corporate Integrity Department, are tasked with ensuring our ethical conduct and giving employees the resources they need to perform to these standards. The information on the following pages has been provided so all of us can reference it when we have a problem, question or concern when making every day business decisions.

Should you have any further questions about Code Blue, please contact Katie or the Compliance Team at extension 4433. If you would like to remain anonymous, you can call the EthicsLine at (800) 500-0333.

We should all be proud to live by our BCBSAZ Values and Code Blue every day.

Thank you,



Rich Boals



The Spirit of Blue & Compliance and Ethics



It is our **MISSION** to provide the best value in health insurance and improve the quality of life for Arizonans.

It is our **VISION** to be recognized as Arizona's trusted and effective health insurance leader, operating as an independent, not-for-profit, local Blue Cross Blue Shield Plan.

These are our **VALUES**:

We keep promises.

We take pride in doing the right thing.

We treat others the way we want to be treated.

We are responsible stewards of our customers' premium dollars.

We are responsible for maintaining BCBSAZ's heritage of service to the customer and community.

BLUE CROSS BLUE SHIELD OF ARIZONA

It is our Vision to be recognized as Arizona's trusted and effective health insurance leader. In order to achieve this vision we build honest relationships with our customers, suppliers, vendors, providers and regulators.

Building honest relationships means we keep promises, treat others the way we want to be treated and take pride in doing the right thing. We are also responsible stewards of our customers' premium dollars and maintain Blue Cross Blue Shield of Arizona's (BCBSAZ) heritage of service to the community.

We conduct our business activities in an honest, open and fair manner. We do not sacrifice our ethics and compliance concerns in order to achieve personal goals.

By making ethics and compliance a part of the day-to-day performance of our jobs, we can provide the best value in health insurance and improve the quality of life for Arizonans.

Introduction

Two key parts of maintaining a professional environment with ethics and compliance are the Code of Conduct and the Compliance and Ethics Program. This document provides the specific policies concerning ethical behavior. The entire process described in The Compliance and Ethics Program document is located on the Corporate Integrity Web site on PlaNet Blue.

BCBSAZ Code of Conduct (known as Code Blue) is a set of general principles based on the laws, regulations and BCBSAZ corporate policies that affect us. These policies apply to all employees and board members. They describe the behavior required for initial and continued employment.

BCBSAZ expects each of us to perform our jobs consistent with Code Blue. BCBSAZ looks at how we apply the principles of Code Blue into our everyday activities when it conducts our annual performance evaluations and when it considers promotion decisions.

In order to have a corporate-wide culture of ethical behavior, we must understand what to do when we face an ethical or compliance dilemma. Code Blue provides the foundation for making ethical decisions.

Code Blue covers:

- Legal Compliance
- Accurate Data
- Record Retention
- Protection of Non-Public Information
- Conflicts of Interest
- Relationships with Vendors, Contractors, Customers
- Government Contracts
- Anticompetitive or Unfair Trade Practices
- Government Investigations
- Corporate Assets
- Political Activity
- Workplace Issues
- Reporting Requirements

Our Role:

- Know the laws and regulations that apply to our jobs.
- Ask questions when in doubt.
- Treat others with honesty and respect.
- Take responsibility for our actions.

Do You Know?

We do the right thing when we report potential or actual violations of Code Blue as soon as we become aware of them.

BCBSAZ protects us from any form of retaliation if we make a good faith report of a suspected violation.

Ways to Report:

- Speak to your supervisor, manager, director or vice president.
- Ask to meet with the Compliance Officer, member of the Compliance Committee, Corporate Integrity, Legal or Human Resources.
- Send a letter, e-mail or memo to the Compliance Officer.
- Call the Hotline at (800) 500-0333 (you can remain anonymous).

Reporting Violations of the Code

You have many ways to report suspected violations of Code Blue without fear of punishment or retaliation from BCBSAZ or its management. The first place to start would be to talk to your management. We encourage employees to give specific details so we can conduct a proper investigation. BCBSAZ provides a 24 hour a day, seven days a week hotline staffed by an external vendor.

BCBSAZ's Responsibility to Respond

The Compliance Office will investigate all reported Code Blue violations. The Compliance Officer reports the results to the board of directors. If we violate the Code or a law, we can be fired or face criminal prosecution. BCBSAZ may limit the feedback it provides after an investigation.

The Compliance Officer will report actual violations of federal or state law to the appropriate authorities. BCBSAZ and its board of directors will cooperate fully with all government investigations.

No Retaliation Policy

If you report a suspected violation of Code Blue, you will be protected from retaliation for a good faith report. You will not lose your job or be disciplined just because you make a report or ask a question. BCBSAZ will do its best to protect the confidentiality and anonymity of anyone who makes a report. However, under certain circumstances, BCBSAZ may have to supply the name of the person making the report.

Questions about Code Blue?

Call the Compliance Officer or a member of the Compliance and Ethics Committee (listed at the end of this document).

Section 1



Ethical Professionalism Requires Legal Compliance

Because of this, we obey the law at all times when conducting BCBSAZ business.

Code Blue is part of our Compliance and Ethics Program. This program was created to help us understand our duty under the law.

There are many laws and regulations that affect the way we do business. Some of these laws control:

- Department of Insurance licensing
- Accuracy in record keeping
- Privacy
- Unfair trade practices, and
- Participation in federal medical programs like the Federal Employee Program (FEP)

We must all know about the laws and regulations that apply to our jobs.

BCBSAZ also has Corporate Policies and Procedures that we must follow. These Corporate Policies are available through the ISYS Web (an icon in your Novell applications window). BCBSAZ provides training on general policies and compliance issues through live, online and department meetings. BCBSAZ offers specific programs for each of our individual lines of business, as needed.

Code Requirements

We are each responsible for:

- Following the laws and regulations that apply to BCBSAZ.
- Asking questions when we are uncertain about something.
- Reporting instances when we are aware someone is not following laws, regulations, BCBSAZ Corporate Policies and Procedures.

Do You Know?

Section 2



Report Data Truthfully and Accurately

Record and report all financial data and transactions accurately and honestly. Follow proper accounting rules at all times.

It is your responsibility to make sure the information you record and report is truthful and accurate. Examples of truthful and accurate reporting include:

- Reporting our timecards correctly;
- Accurate business expenses;
- Our production or performance data;
- The production and performance data of BCBSAZ;
- Any other business related activities we record and/or report on.

It is important that you report and record information in connection with BCBSAZ contracts accurately and truthfully. Do not:

- Distribute or assign costs to contracts that violate the contract's provisions or do not follow applicable accounting rules;
- Inaccurately report labor costs records, submit or instruct another employee to submit false time charges or assign costs to the wrong contract;
- Alter or falsify any information in any record or document that misrepresents the facts;
- Try to influence, pressure or manipulate an auditor to make financial statements misleading.

Even if a supervisor or co-worker asks you to:

- Do not report data that is not accurate or truthful.
- Do not alter or falsify data in any BCBSAZ record or document.

Use one of the options listed under "Reporting Requirements" to report the incident.

Section 3

Do You Know?

Follow Record Retention Policies

Keep or destroy all business records based on the law and our record retention policies.

This includes:

- Medical records
- Paper records
- Computer files
- E-mail, or
- Information stored any other way (on CDs, tape, discs, etc).

Do not tamper, remove or destroy business records contrary to BCBSAZ's record retention policies.

A government investigation, lawsuit or court order may impose additional record retention requirements. When this occurs, carefully follow the instructions from the Legal Department. Inappropriate destruction of records could constitute a crime.

The Record Retention Web site has the following:

- A link to the Record Management Policy;
- A Record Management Manual;
- A retention schedule;
- A dedicated mailbox;
- Other tools designed to assist management and employees with the proper creation, storage and destruction activities related to both paper and electronic records stored on our local area network.

For more information on Record Retention, see Records Management Policy O-004 on the Record Retention Web site on PlaNet Blue.

Do You Know?

Section 4

There are over 30 policies dealing with privacy. The BCBSAZ Identity Verification and PHI Disclosure Grid is a great tool to determine what information we can disclose and to whom. The Corporate Integrity Web site contains links to these on the Privacy pages on PlaNet Blue.

**Questions about Privacy?
Call the Privacy Hotline at
ext. 2255 or e-mail the
Privacy mailbox:**

privacy@azblue.com.

Protect Non-Public Information

Protect Non-Public Information at all times.

Do not use or give out Non-Public Information to anyone without approval. Non-Public Information includes:

Protected Health Information (PHI):

- Medical records
- Patient information
- Other personal information:
 - Social Security numbers
 - Addresses
 - Phone numbers of our past, current or potential subscribers

Company Non-Public Information includes:

- BCBSAZ's business plans and operations
- Pricing and financial data
- Marketing plans
- Computer software
- Inventions
- Planned business transactions
- Information about our fellow employees or board members
- Underwriting information
- Information about our subcontractors and vendors

Information from a third-party vendor that we agreed to keep confidential.

Do You Know?



The Privacy Office performs after-hours walkthroughs to monitor compliance with the Privacy Policies.

Helpful Hints:

When sending PHI outside of the company by e-mail, type "secure" in the subject line to encrypt the information. This also encrypts any attachments.

Place PHI only in the body of the e-mail or as an attachment since the subject line is not encrypted.

Use a cover sheet that does not have PHI when sending faxes. Double-check the number before hitting the send button.

Protect system passwords the same way we do our Social Security number to prevent unauthorized access.

You may disclose information if a valid need exists and you have received proper approval such as a Confidential Information Release Form (CIRF) or a contract with a vendor. In addition, disclose the minimum necessary PHI. Review all policies and procedures related to disclosure prior to giving out the information.

Be careful to prevent disclosure of Non-Public Information to unauthorized people outside of BCBSAZ. Keep Non-Public Information in a secured location in our office or work area. Do not discuss Non-Public Information with co-workers in public areas such as elevators, restrooms, restaurants, etc. For further information, consult BCBSAZ's Privacy and Security Policies.

Your duty not to disclose continues after termination of employment.

Unsure if the information is Non-Public Information?

Contact your management, the Legal Department or Corporate Integrity before releasing the information.

A Personal Relationship includes spouse, parent, child, sibling, grandparent, grandchild, in-laws (mother, father, brother, sister, daughter, son), step-child, step-parent, domestic partner, other individuals living in the same household.

Avoid Conflicts of Interest

Act in the best interest of BCBSAZ. Do not take part in activities that conflict with your responsibilities as employees, officers and board members. We should not compete with or benefit personally from opportunities we discover while using BCBSAZ property. This includes information we learn in our jobs with BCBSAZ. This does not preclude board of directors participation by a representative of a hospital or physician as required by Arizona law.

A conflict of interest is a situation where our personal interests or activities could influence our decisions. It could prevent us from acting in the best interests of BCBSAZ. A conflict of interest includes activities that may only appear to influence our judgment or decisions. Even the appearance of a potential conflict of interest can cause our vendors and customers to question our motives. Our personal interests should not create such a situation.

Conflicts can occur when someone with whom we have a Personal Relationship applies to work for BCBSAZ. For instance, if your sibling or in-law applied for work at BCBSAZ, he/she may not be eligible as a new employee.

Conflicts can also occur when two employees that have a Personal Relationship both work for BCBSAZ. For instance, if a mother and son both work at BCBSAZ and one wants to change jobs within the company, he/she may not be allowed to move to a different job. This can occur, for example:

- If they would have the ability to complete an entire transaction;
- If one wants to move to a department where sensitive issues may arise;
- If one would be reporting to the other, or;
- If one is in a position to review or approve the other's work.

Other interpersonal relationships may not improperly influence our business decisions but may have the potential to result in inappropriate workplace conduct. These situations will be referred to the Human Resources Department for appropriate action.

Employees who work in departments that handle sensitive issues are not allowed to have someone with whom they have a Personal Relationship also working for BCBSAZ. They include:

- Human Resources
- Internal Audit
- Legal
- Corporate Integrity
- Information Security Services
- Payroll

The Compliance Office will review and approve all employee moves and new hire situations involving Personal Relationships.

A conflict of interest also exists if you or someone with whom you have a Personal Relationship receives a financial or other personal benefit because of your actions at BCBSAZ.

For this reason, BCBSAZ will not purchase goods or services from:

- officers
- employees, or
- a business in which BCBSAZ is aware that an employee or an employee's Personal Relationship has a substantial interest.

In addition, to avoid these conflicts, board members, officers and employees must disclose any financial interests that they have in competitors or in companies doing business (or seeking to do business) with BCBSAZ. Any Personal Relationship's financial interests in competitors or in companies doing business (or seeking to do business) with BCBSAZ would also have to be disclosed.

Law prohibits loans or extensions of credit of any kind to officers and board members.



Examples:

If your spouse has a financial interest (5% or more ownership) in a company seeking to do business with BCBSAZ, your loyalty to BCBSAZ would conflict with your personal financial interests.

The same conflict would exist if you or your parent has a financial interest in a BCBSAZ vendor.

A company seeking to do business with BCBSAZ offers you a gift or loan. The acceptance of a gift or loan from a potential business partner could compromise your ability to act in the best interests of BCBSAZ and, must be refused.

See Section 6 for rules on the acceptance of routine business courtesies.

Do You Know?

Report any second jobs to your supervisor regardless of whether or not they may pose a potential conflict.

Q & A

Q: “Do we report any job changes by a family member or Personal Relationship that could be a conflict before completing the next year’s annual Disclosure Form?”

A: Yes, report the change right away to the Compliance Officer by filling out a new form.

Conflict of Interest forms are available under the Compliance link of the Corporate Integrity Web site on PlaNet Blue.

Example

Q: “My brother lives in Texas and works for a hospital there. He does not live with me. Do I have to disclose this information on my Conflict of Interest Disclosure Form?”

A: Yes, a brother is considered to be a Personal Relationship under the Code, regardless of where he lives. Please describe what he does at the hospital.

We also must make sure that any second jobs we take do not create any conflicts.

Second jobs you cannot accept

You cannot accept jobs as a consultant, director, officer or part-time employee of any of the following:

- Competitors
- Subcontractors
- Providers
- Vendors
- Others seeking to do business with BCBSAZ.

However, the Compliance Officer may approve exceptions if allowed under state or federal law. This includes having BCBSAZ board members who represent hospitals, and physicians since state law requires these representatives on our board.

Board members of BCBSAZ should also refer to the Corporate Governance Guidelines.

How Does the Conflict of Interest Disclosure Form Process Work?

- At least once per year the Compliance Officer will distribute a Conflict of Interest Disclosure Form to all board members, officers and employees.
- Answer all questions fully and accurately. You must certify the accuracy of the information even if you have given this information before.
- Corporate Integrity reviews the answers to the Conflict of Interest Form and prepares a report of any potential conflicts identified.
- The Compliance Officer, with advice from the Legal Department, then determines what recommendations to make to management and/or the board to eliminate or avoid any identified conflicts of interest.
- The Compliance Officer documents decisions and recommendations regarding any actual or potential conflicts.

Section 6

Dealing with Suppliers, Contractors and Customers

Conducting business with suppliers, customers, and contractors can pose ethical or even legal problems. The following guidelines can help us make decisions in potentially inappropriate situations.

Kickbacks and Rebates

Do not accept any kickbacks or rebates connected to a purchase or sale of goods and services. This restriction also applies to your Personal Relationships. Kickbacks or rebates can take many forms and are not limited to direct cash payments or credits. In general, if you or someone with whom you have a Personal Relationship could gain personally through the transaction, it is prohibited.

For example, a kickback could be disguised as:

- An offer for a large discount on a new air conditioner for your home, for contracting with an air conditioner company for BCBSAZ.
- Use of ABC's company condo in San Diego for a week long vacation after you renew ABC's group.
- Free nights stay at a hotel for yourself for booking a convention on behalf of BCBSAZ.



Q & A

Q: "BCBSAZ is very interested in purchasing a computer vendor's software. I was invited to a first class all-expenses-paid trip to San Diego for a training class to learn more about the product. Can I accept this all-expenses-paid trip to San Diego?"

A: Each situation is different, so consult your management or the Compliance Officer. In this scenario, it appears that attending this training class would be in the best interest of BCBSAZ. It would be appropriate to attend, but only if BCBSAZ pays for the travel expenses based on our Corporate Policies. We cannot allow vendors to pay for travel expenses without prior approval by the CEO or CFO.

See Policy F-001 for further guidance on travel.

What May We Accept?

Yes:

Infrequent, inexpensive promotional items, company mugs or T-shirts, etc., under \$100 and prize items won as raffles from vendors at conferences.

No:

Cash, gift certificates, gift cards, checks, expensive gifts, computers, cell phones, lottery tickets, etc.

Others:

Ask your management or the Compliance Officer.

Exceptions

We may not accept gifts from vendors when we contract with them for our Federal Programs.

Business Courtesies

A business courtesy is a gift or favor for which we pay nothing or less than fair market value. It may include such items as:

- Gifts
- Transportation
- Discounts
- Tickets
- Passes
- Promotional items or
- Use of a giver's time, materials or equipment.

If you or your management are uncertain about accepting or giving a business courtesy, you should decline to do so. You can also seek advice from the Compliance Officer.

Acceptance of Business Courtesies

You can never accept gifts of money or solicit gifts or favors for personal use from suppliers, customers or contractors. You or someone with whom you have a Personal Relationship may accept business courtesies from a business firm or individual doing or seeking to do business with BCBSAZ only if it is:

- Unsolicited
- Non-monetary
- Infrequent
- Inexpensive (generally \$100 retail – individual situations may vary and should be discussed with the Compliance Officer) and
- Acceptance is approved in advance, when possible, by management.

You may be able to accept expensive business courtesies of more than \$100 retail value if protocol, courtesy or other special circumstances exist. These should be reported right away to your management, the Compliance Officer and in writing by filling out a new Conflict of Interest Form. The Compliance Officer will determine if we may personally accept it, refuse or return it, or whether it should become BCBSAZ property.

Offering of Business Courtesies

We may offer a business courtesy to non-government employees and representatives under the following conditions:

- It does not violate any law, regulation or known policy of the recipient.
- It does not give the appearance of attempting to gain an unfair business advantage or otherwise reflect negatively on the reputation of BCBSAZ.
- The business courtesy is approved by our management, properly reflected on the books and records of the Company, and is in accordance with our procurement and reimbursement policies. See Corporate Policy F-004 for information on procurement and F-003 for information on reimbursements.

Further Questions about Business Courtesies?

Contact the Compliance Officer, Corporate Integrity Department or the Legal Department.

Exceptions

- We may distribute items, such as pens or coffee mugs, to health plan customers or potential customers as long as the value is \$10 or less.
- We may not give gifts to union members or union officers.

Do You Know?

There are additional special rules in Section 7 on offering business courtesies to government employees.



What May We Accept?

Yes:

Once each year a key vendor invites us to their hospitality suite for a Suns game in Phoenix. The vendor is attending and has invited at least 20 other people from different companies. The cost is unknown.

No:

A key vendor gives us several tickets to the Super Bowl valued at \$500. Even if the vendor intends to accompany us, we should decline. Our customers would not view this as a routine business courtesy.

Entertainment

Board members, officers and employees may not encourage or solicit entertainment, meals or recreation ("entertainment") from any company or individual with whom BCBSAZ does business. We do not offer or accept entertainment that is intended to gain favor or influence.

From time to time, we may provide or accept entertainment, but only if the entertainment is:

- Reasonable
- Occurs infrequently
- Does not involve lavish expenditures

A representative from each company is expected to attend the entertainment; it may not simply be a gift.

Section 7

Do You Know?



The Government Is a Unique Customer

We conduct our government business with the highest degree of integrity and honesty.

An important part of our business is the work we do for the government. This includes the Federal Employee Program and TriCare, along with our contracts with state and local government agencies. When we act as a government contractor, we have a duty to the government (along with the public at large) to perform with the highest degree of integrity. In addition, we must comply with not only the letter, but also the spirit, of the laws and regulations that apply to our government contract business.

Doing business with the government involves unique laws and regulations that do not normally apply to our commercial business.

It is a crime to knowingly:

- Make a false claim for payment from the government
- Make a false statement to the government

Not following laws or regulations may result in criminal prosecution.

If you falsify data submitted to the government, even if you are not attempting to obtain payment, you and BCBSAZ may have committed a crime.

You, as an individual, and BCBSAZ, as a company, could be subject to:

- Criminal prosecution for the violation;
- Large penalties and fines;
- Inability to work on government projects in the future.

Do You Know?

Improperly charging labor or material costs or overhead to the wrong contract, falsifying time cards or improperly destroying or altering records, violates this and other sections in Code Blue.

Do The Right Thing

Follow a policy of full disclosure in negotiations for government contracts or subcontracts.

Do You Know?

“Unallowable” costs under government contracts include items such as:

- Advertising
- Public relations
- Donations
- Entertainment
- Fines and penalties
- Lobbying
- Defense of fraud proceedings
- Goodwill

Take special care to seek reimbursement for only allowable costs.

The following are examples of situations where you cannot violate Code Blue or the special rules that apply to government contracts.

1. Cost Records, Price Estimates and Time Charging

We are required to keep and provide the government with access to accounting and other records. This lets the government verify its payments to us for work done on existing contracts. This also helps verify our cost and pricing estimates on future contracts. **Therefore, we shall:**

- Maintain accurate and truthful records
- Keep records for the period of time required by applicable laws and contract provisions
- Charge all costs and labor accurately, to the appropriate account, regardless of the status of the budget for that account

2. Cost or Pricing Data

We may be required to submit cost or pricing data to the government or to prime contractors. We also may be required to certify that the data is current, accurate and complete. The definition of the “data” that must be disclosed is very broad. It includes not only hard facts but also management decisions and estimates.

3. Unallowable Costs

We may submit proposals for reimbursement of indirect costs to the government either under cost reimbursement contracts or as part of overhead rates. We will not ask for reimbursement of unallowable costs from government contractors.

Other Certifications and Representations

Contracts and subcontracts on government projects often require BCBSAZ to submit various certifications. These contracts also usually contain clauses that require BCBSAZ to certify a variety of matters, such as our compliance with:

- Socioeconomic programs
- Contract specifications
- Environmental laws and
- Procurement regulations

These certifications and representations are serious matters.

Do You Know?

Finally, although some of the subjects below are discussed more fully in other sections, we must ensure that BCBSAZ is in full compliance with these when dealing with the government:

- **Meals and Entertainment.** Do not offer or give to government employees, entertainment, including transportation or meals at business meetings, that those employees are prohibited from receiving by their agencies' regulations. Generally, a single meal valued at more than \$10 or a number of meals valued at more than \$50 are prohibited. It is important to verify the rules applicable to the affected government agency. Also, see Section 11 dealing with elected officials and political candidates.
- **Bribes, Kickbacks and Gratuities.** Do not request or accept any of the following from our subcontractors or suppliers, when any part of the subcontractor's or supplier's services are charged to a government program:
 - Fees
 - Commissions
 - Compensation
 - Gifts
 - Gratuities

Never pay or offer to pay kickbacks to any person or offer or give anything of value to government personnel where it creates even an appearance that we are seeking to gain special treatment or pay a reward for placing business with BCBSAZ.

Because of the significant cost allotted to the Federal Program, employees who are 100% allocated to the Federal Program are not allowed to accept routine business courtesies from customers, suppliers or vendors.

BCBSAZ may give Federal Program employees small novelty items at open enrollments, as long as:

- The value does not exceed \$10 and
- The costs of the items are not charged to the government.

Do You Know?

FEP procedures, forms and a Federal Administrative Manual are available on ISYS.

- **Classified Information and Confidential Data.** Do not accept classified government information from any source, when we suspect that the release is unauthorized. In addition, do not solicit or accept confidential government information or a competitor's non-public data in connection with any procurement.
- **Former Government Employees.** Special restrictions apply to recruiting former government personnel and the activities of former government employees retained by BCBSAZ as employees or consultants. The Legal Department must provide clearance before even mentioning possible employment to a current government employee and before retaining any former government employee.
- **Federal Sanction Program.** BCBSAZ cannot employ or continue employment with anyone who appears on the Health and Human Services Office of the Inspector General's list of individuals and companies excluded from any federal healthcare program. **This includes:**
 - Debarment
 - Exclusions or
 - Other events that make them ineligible to perform work related directly or indirectly to federal health care programs

This also applies to contractors and vendors of BCBSAZ. BCBSAZ conducts periodic screening of the sanction list.

Section 8

Do You Know?

Compete Ethically and Fairly

Do not engage in anticompetitive activities or unfair trade practices. Deal fairly with all of BCBSAZ's:

- customers
- contractors
- suppliers
- providers
- competitors and
- employees

Our ethical behavior allows us to conduct our business in a manner that maintains a free and competitive market for our goods and services. The goal is to maintain a level playing field among our business competitors. Activities that would prevent a competitive marketplace are against federal laws.

Activities that could violate that goal include:

- Discussing pricing or supplier relationships with a competitor
- Agreements to allocate the market for our goods and services among ourselves and our competitors
- Agreements among competitors to refuse to deal with particular suppliers or vendors
- Bringing non-public information with us from a previous employer

Do not solicit or obtain confidential information about a competitor in a manner that would be illegal or would require a person to violate a contractual agreement, such as a confidentiality agreement with a prior employer. Do not take advantage of anyone through:

- Manipulation
- Concealment
- Abuse of privileged or confidential information

Finally, all information we provide to our customers and the community at large about our products and services must be truthful and accurate, and must not contain misleading or deceptive information.



Be careful when attending gatherings such as trade association meetings. Do not get drawn into discussions of inappropriate topics, such as discussions concerning pricing. If you find yourself in such a situation, immediately end the conversation and, if appropriate, ask that your refusal to participate be documented in the meeting minutes. Immediately report any such incident to the Compliance Officer and Legal Department.

Do You Know?

Section 9

Treat Government Investigations As Serious Matters

Occasionally, BCBSAZ may be asked to cooperate with a government investigation, or to respond to a request for information from the government about how we conduct our business. The request may come through official channels from the government to BCBSAZ management, or a member of an enforcement agency, such as the Federal Bureau of Investigation, the Office of Inspector General, the Department of Justice or the State Attorney General, could contact you individually.

How Should We Respond?

You are free to cooperate individually with government investigators. Before you provide BCBSAZ documents or data in response to a government request, obtain authorization from the Compliance Officer and the Legal Department.

- When BCBSAZ receives official requests for information or cooperation, we will notify the appropriate employees of their responsibilities and duties to cooperate and provide such information.
- If you are contacted individually by government investigators and are asked to meet with them individually to discuss activities in connection with your employment by BCBSAZ, you may do so. The decision of whether to cooperate with their inquiry is up to you alone, and you will not be disciplined, punished, or otherwise retaliated against if you decide to do so.
- As BCBSAZ may have certain rights and privileges concerning the information you may be asked to provide, you should contact the Compliance Officer or the Legal Department to let them know you have been contacted.
- If you decide to speak with government investigators, you must be accurate and truthful in all your answers to their questions, because, if you are not, you and BCBSAZ could be subject to criminal prosecution.

Section 10

Do You Know?

Safeguard BCBSAZ Assets

Do not use BCBSAZ assets for personal reasons unless corporate policies allow it.

In general, BCBSAZ assets should be used for business purposes. For this reason, you may not use BCBSAZ assets for personal financial gain unrelated to BCBSAZ business.

Electronic Communications

“Electronic communication systems” include but are not limited to the following:

- Electronic mail (e-mail)
- Worldwide Web Browsing
- Faxes (over Internet Protocol or analog phone line)
- Voice over Internet Protocol (VoIP)
- Instant Messaging (IM)
- Simple Messaging System (SMS)
- Media Messaging System (MMS)
- File Transfer Protocol (FTP)
- Any other Electronic Communication method employed by BCBSAZ

BCBSAZ’s Electronic Communication Systems are the property of BCBSAZ and should be used for BCBSAZ business purposes.

BCBSAZ assets include:

- Our time
- Office supplies
- Computers
- Telephones
- Copying machines
- Computer software

Please use these assets according to corporate policies, which, in certain cases, may permit incidental personal use on a break or lunch hour or when we receive prior approval from our supervisor.

See the following Corporate Policies for more information on the use of Corporate Assets:

- IT 001 Use of Computers
- IT 002 Long Distance Telephone Calls
- IT 006 Internet Access and Password Policy
- IT 007 Corporate E-mail Usage Policy

Corporate Policies are located on ISYS Web.

Do You Know?

BCBSAZ monitors employees' use of electronic communications consistent with applicable state and federal law. Monitoring is conducted by BCBSAZ authorized personnel to protect the company's legitimate business interests.

Streaming media consumes too much bandwidth and makes the Internet unavailable for business use. Examples include Google video, sports, television shows, online radio stations, etc. Internet streaming for personal use is not allowed, not even during breaks, lunch and before/after hours.

Visiting Web sites with inappropriate content is not allowed, even during lunch, breaks or before/after hours.

Do not use such electronic systems for personal use, except as permitted in the Computer Responsibility Agreement and the Corporate Internet Policies. Do not use BCBSAZ electronic systems to conduct any business other than BCBSAZ business.

Communicate professionally and respectfully when using BCBSAZ's Electronic Communication Systems. This applies to communications with employees, customers and the public.

By using BCBSAZ's Electronic Communication Systems, all employees consent to this monitoring at the discretion of BCBSAZ.

Section 11

Do You Know?

Do not Engage In Improper Political Activities

BCBSAZ's ability to participate in political activities is controlled by federal, state and local law. BCBSAZ's Government Relations Department and Legal Department must clear all organizational political activity.

As an organization, BCBSAZ's political activities must be conducted in accordance with applicable law.

Do not use BCBSAZ assets to engage in political activities without the prior review and approval of the Government Relations Department and the Legal Department.

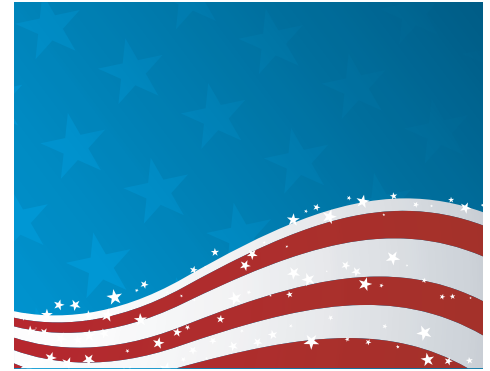
BCBSAZ may use company time and assets to support BCBSAZ's political action committee activities. These activities must be approved by the Government Relations Department.

Before a government official or candidate is invited to a sporting, cultural, or charitable event or other function as the guest of BCBSAZ, it must be coordinated with the Government Relations Department.

Do not include political contributions on expense accounts.

If your position with BCBSAZ requires you to have personal contact with governmental entities and officials on BCBSAZ's behalf, be aware of and understand all relevant regulatory provisions regarding such contacts. Make sure that the Government Relations Department and the Legal Department are aware of your activities because we may be required to register as a lobbyist and report expenditures.

If you have questions about your actions, get in touch with the Compliance Officer or the Legal Department before you act.



You are free to participate in the political process on your own time and at your own expense. This means you must make it clear that you are speaking or acting on your own behalf.

Do not conduct activities in a way that gives others the impression that you are speaking on behalf of BCBSAZ or otherwise representing BCBSAZ.

Sexual harassment includes but is not limited to:

- Unwelcome sexual advances
- Requests for sexual favors in connection with job decisions
- Offensive, and those perceived as offensive, words, writings, pictures (print and computer images), sounds, electronic mail, text messages, etc., no matter what the source
- Physical conduct of a sexual nature that interferes with an employee's work performance or creates an intimidating, hostile, or offensive working environment

Recognize That Our Greatest and Most Valuable Asset Is Our Workforce

BCBSAZ is committed to maintaining a safe and professional working environment for all of its employees and ensuring that all employees are treated with fairness, dignity and respect.

To comply with this section, observe all government regulations and rules that protect workplace health and safety. To protect our employees from workplace hazards, BCBSAZ takes the following steps:

- Provide a drug-free work environment. All employees shall comply with BCBSAZ procedures on drug usage and testing.
- Comply with all laws, regulations, and policies related to non-discrimination in all our personnel actions, which include:
 - Recruiting
 - Hiring
 - Retention
 - Compensation
 - Evaluations
 - Transfers
 - Promotions
 - Corrective actions
 - Discipline
 - Dismissals and
 - Staff reductions
- Provide an environment free of harassment. Harassment can consist of:
 - Offensive comments based upon racial or ethnic characteristics of co-workers
 - Degrading or humiliating jokes and slurs or
 - Intimidation of any form

Do You Know?

Inappropriate conduct also includes workplace violence, such as threats of violence or violence directed against co-workers or BCBSAZ, or “stalking” behavior committed by or directed at employees.

While on BCBSAZ work premises (buildings, parking lots, company vehicles) employees are prohibited from possessing weapons (including lawfully authorized concealed weapons), explosive devices, or other items that could reasonably be used to harm others. In accordance with state law, a limited exception exists for lawfully transported firearms. These may be kept in private vehicles when the vehicle is locked and the weapon is stored in a manner that is not visible from outside the vehicle.

BCBSAZ officers, board members and employees are also prohibited by federal law from continuing employment or service with BCBSAZ if they have been indicted or convicted on certain types of criminal or misdemeanor charges on either the state or federal level without written approval of the Department of Insurance.

For this reason, all officers, board members and employees are required to report any criminal felony charges, indictments, plea agreements, convictions or violations of insurance law to the Vice President of Human Resources or the Compliance Officer within ten days.

Employees are also required to report any charge, indictment, conviction, etc. not just of any felony but also any misdemeanors involving moral turpitude.

A crime of moral turpitude is one that adversely reflects on a person’s honesty, integrity or personal values. Examples of crimes of moral turpitude may include forgery, fraud, misappropriation of funds, shoplifting, false reporting to law enforcement, indecent exposure, and leaving the scene of an accident.

Board members and officers of BCBSAZ must report bankruptcy, receivership or license revocation proceedings in any business where they serve as an officer or board member to the CEO or General Counsel within ten days to meet state reporting requirements.

BCBSAZ strictly prohibits harassment of any form. If you are the victim of harassment, or you observe any form of harassment, you should immediately report the incident to your supervisor, Human Resources or the Compliance Officer.

Compliance & Ethics Committee Members:

Karen Abraham
Dan Aspery
Tony Astorga
Jim Brutlag
Sheri Coulter
Tom Dameron
Terri Gades
Bonnie Irwin
Vicki McDonald
Laura Meyer
Veronica Moore
Susie Nash
Sue Navran
Susan Nelson
Gary Nichols
Katie Osborne
Mary Semma
Michele Spaulding
Greg Wells

Do You Know?

Katie Osborne is the Compliance Officer for BCBSAZ.

BCBSAZ disciplines anyone who violates Code Blue. This could consist of a verbal warning up to and including dismissal.

Reporting Requirements

Special Reporting Requirements For Management Level Employees

If a management level employee is advised of a potential violation of Code Blue, the manager is required to submit this information to either the Hotline or the Compliance Officer immediately.

Reporting Requirements For Attorneys

Attorneys for BCBSAZ have special reporting obligations. An attorney who suspects material violation of law or breach of fiduciary duty by BCBSAZ, an affiliate or a contractor of BCBSAZ shall report it to the General Counsel. If the General Counsel does not take appropriate action or if the General Counsel is directly involved in the violation, the attorney shall report the findings to the Audit and Compliance Committee of the board or the board of directors as a whole.

General Reporting Requirements

It is the obligation of each employee to know and understand Code Blue. We also have an obligation to report all suspected violations of this code to one of the following:

- Your Department Supervisor, Manager, Director or an officer of BCBSAZ (Vice President or above);
- The Compliance Officer;
- A member of the Compliance and Ethics Committee, Corporate Integrity, Legal, and Human Resources;
- Audit and Compliance Committee of the Board (financial and audit-related issues); or
- The Hotline (800) 500-0333 (can be anonymous).

When you make a report, you will not be required to reveal your name and if you do, you are protected from retaliation if you make the report in good faith. If you know or should have known of an actual violation of this Code, law or regulation and you fail to report it, you will be subject to appropriate discipline, up to and including dismissal.

Do You Know?

Code Blue is not a complete list of potential legal or ethical situations you may encounter. It should be liberally interpreted in favor of the highest standards of behavior.

If at any time you have questions about a section in the Code and how it applies to your job, please ask. The Compliance Officer and management will help you determine the right actions to take.

With your help, we can make BCBSAZ a place where we are proud to work and a company that is respected in the community for its integrity.

Code Blue Quote:

“We are each responsible for ensuring our own compliance with laws and regulations that are applicable to the Corporation.”