

1801-004

Rev. January 2018

Approved: February 1, 2018

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General Compliance Training
Code of Conduct and Compliance Program

FDR's



Objectives

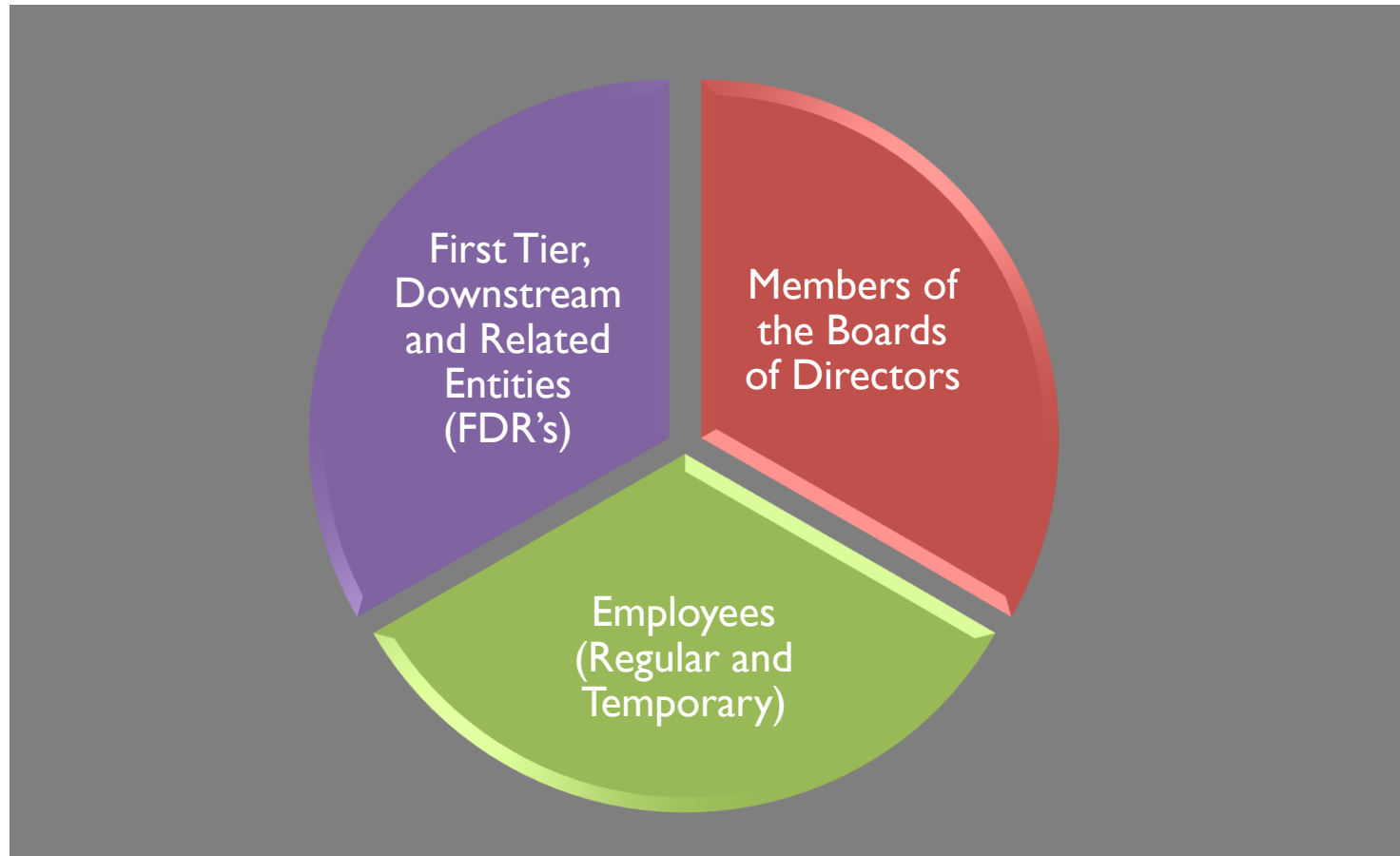
- Describe the **MCS** Code of Conduct, Compliance Program and Compliance Policies and Procedures
- Communicate the responsibility of the First Tier, Downstream and Related Entity (FDR's) with applicable laws, regulation, guidelines, standards, requirements, Code of Conduct, Compliance Program and Policies and Procedures
- Define the seven elements of an Effective Compliance Program and how they are implemented in **MCS**
- Know how non-compliance, fraud, waste and abuse can be reported

What is Compliance and Why is it Important?

Compliance is the act to abide by the guidelines, laws and requirements.

- Meeting these requirements is extremely important given that **MCS** operates in a highly regulated industry
- Situations of non-compliance can have significant repercussions that may include:
 - fines
 - damage to the reputation
 - penalties
 - termination of contract with regulatory agencies

Responsibility



Compliance is everyone's responsibility

Responsibility, cont.

- Recognize and observe federal and local laws and regulations, as well as policies and procedures of **MCS** relevant to your areas of responsibility
- Recognize and report non-compliance issues, including cases of potential fraud, waste or abuse
- Respond in a timely manner to requests for information during audits and investigations and participate in **MCS** training and education programs upon request
- Cooperate, provide access, and provide records requested by auditors acting on behalf of the federal or local government
- Report actual, suspicions or violations of the **MCS** Code of Conduct or any other misconduct

Important: Failure to comply with this provision of the Code may result in corrective action. Appropriate measures will be undertaken in the case of contractors

Responsibility, cont.

Responsibility

Must ensure that all of their employees understand how to report suspected or actual cases of non-compliance, or Fraud, Waste or Abuse

FDR's

Responsible for reporting to **MCS** any instances of non-compliance including suspected or detected Fraud, Waste and Abuse

Conduct business in a compliant, ethical manner and must ensure that their employees and members of their board of directors receive and abide by the **MCS** Code of Conduct and the **MCS** Compliance Program, or by their own Code of Conduct and Compliance Program if they are comparable

Importance of Responsibility

- Failure to comply with our responsibilities, the Medicare Programs, Medicaid, and the federal and state guidelines applicable to the Health Industry may lead to serious consequences including but not limited to:
 - Termination of Contract
 - Corrective actions
 - Criminal Penalties
 - Exclusion of all Federal Health Programs
 - Monetary penalties

Non-compliance affects us all

The Code of Conduct and Compliance Program of **MCS**

- Are developed in the **Compliance** department using:
 - Guidelines and regulations (applicable to the Health Insurance Industry)
 - Federal and State Laws

*For more information refer to the policy: **MCS-Policy-001 Policies, Procedures, Code of Conduct and Compliance Program**

The Code of Conduct and Compliance Program of MCS, cont.

Code of Conduct

- Establishes the principles and institutional standards that are implemented through specific **MCS Compliance** policies and / or procedures, or instructions given by authorized management members
- If there is any conflict between the Code of Conduct and any **MCS** policy or procedure, the Code of Conduct shall prevail

Compliance Program

- Promotes the Standards of Conduct within the Organization, as established in the Code of Conduct
- Includes, the seven core elements of an effective **Compliance** program

Important: Both, the **Code of Conduct** and **Compliance Program** clearly establish the lines of communication for reporting non-compliance and suspected fraud, waste and abuse

MCS is committed to the highest standards of excellence, professionalism, ethics and integrity in all aspects of its operation ...



MCS Code of Conduct

Mission and Vision of the Code of Conduct

Vision

To elevate corporate performance in all its relationships by upholding and supporting proper **Compliance** and ethical conduct



Mission

Promote and support the highest **Compliance** level and ethical behavior throughout **MCS** and among all employees and FDRs



Code of Conduct

- It is based on laws, rules and regulations (federal and state) that apply to **MCS** operations
- Establishes **Compliance** expectations and the basic principles that should govern all **MCS** activities

Each individual covered by the **Code of Conduct** is responsible for understanding and complying with the Code of Conduct. It is responsible for recognizing and observing federal and local laws and regulations as well as **MCS** policies and procedures relevant to their areas of competence. It is everyone's responsibility to promptly report any violation, as soon as you become aware including cases of potential fraud, waste or abuse.



Distribution of the Code of Conduct

- MCS distributes the **Code of Conduct, Compliance Program and Compliance Policies and Procedures** to FDR's within ninety **(90)** days of hire, when they are updated, and annually thereafter

Applicable Law and Regulations

- Conflict of Interests
- Business Courtesies, Gifts and Entertainment



What is a 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 everyone’s responsibility to avoid and report situations in which your personal and/or business interests could conflict with the interests of **MCS**
- Examples of Conflict of interest:
 - Have or contemplate a financial interest in a company which **MCS** has a business relationship
 - Get a secondary job with the competition or with any company that tries to have a business relationship with **MCS**
 - Use any non-public information related to the sale or purchase of shares or other securities

*For more information please refer to the policy:

- **MCS- Policy-009 Employee Conflict of Interests and related procedures**

Prohibition of Business Courtesies, Gifts and Entertainment

- You 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
- Under no circumstances will you accept or give kickbacks when obtaining or awarding contracts, services, referrals, goods, or business.
- Gifts or items of any value must never be offered to or accepted from government employees.

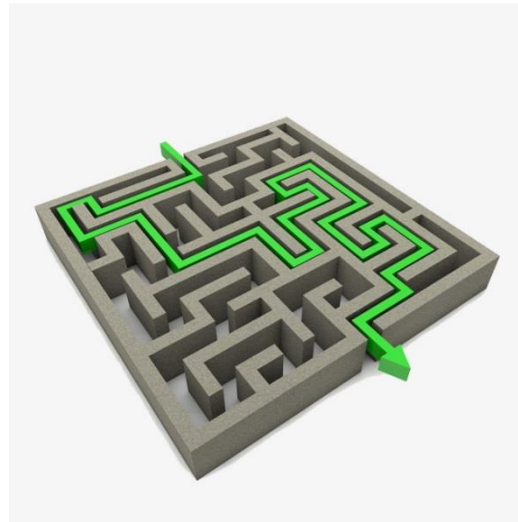


Important!

If any doubt emerges, consult **MCS Compliance** and **Legal** departments

Documents that guide us in the right direction

The **Code of Conduct** in combination with the **Compliance Program** and **MCS Policies and / or Procedures** guides us in the right direction and indicates the expectations of **MCS** regarding business transactions.



What **MCS** Expects...?

MCS expects the conduct of all Covered Persons to be governed by the highest standards of ethics, good judgment and consideration of others, and comply with its contractual obligations.



MCS Compliance Program

MCS Compliance Program

- The **MCS** Compliance Program is essential to **prevent, detect,** and **correct** Medicare non-compliance as well as Fraud, Waste, and Abuse. It must, at a minimum:
 - Fosters a culture of **Compliance** within an organization
 - Include the seven core **Compliance** program requirements
 - Promotes the organization's Standards of Conduct as embodied with the Code of Conduct
 - Establishes clear lines of communication for reporting non-compliance
 - Is tailored to **MCS'** operations and specific circumstances

Elements of the Compliance Program...

Written Policies,
Procedures and Codes
of Conduct

1

**Compliance Officer's,
Compliance
Committee and High
Level Oversight**

2

Effective Training and
Education

3

Effective Lines of
Communication

4

Well-Publicized
Disciplinary Standards

5

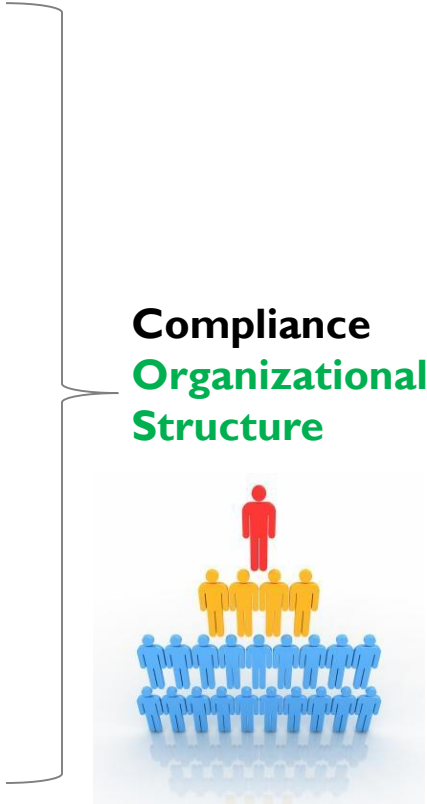
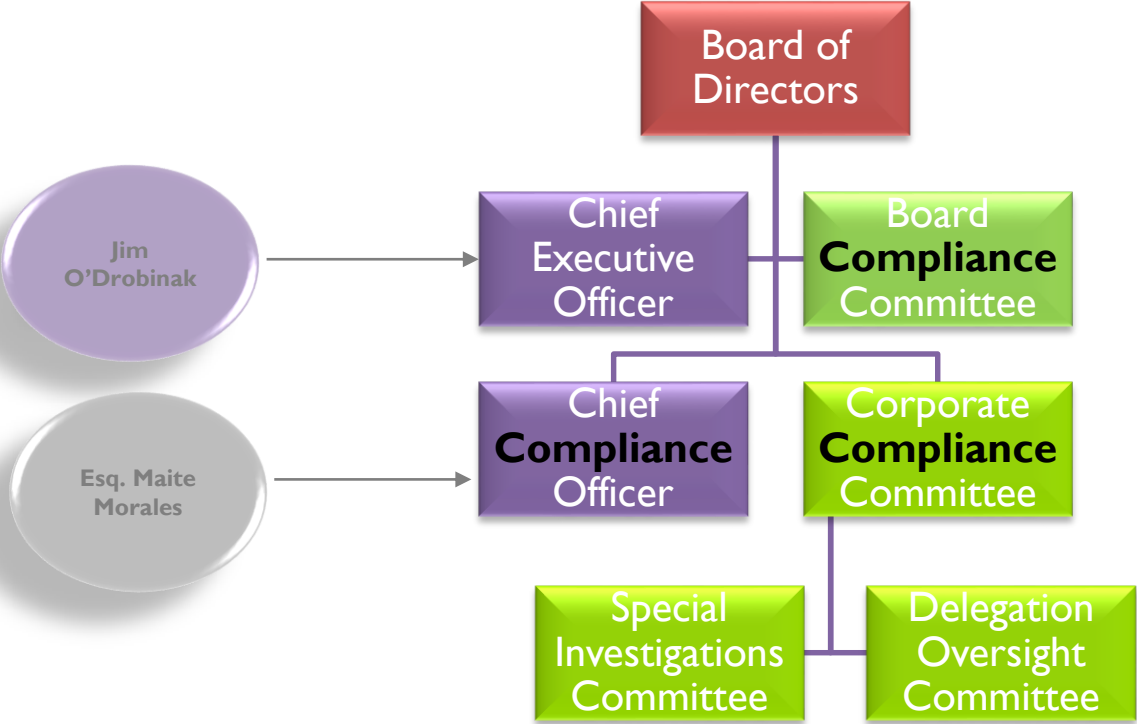
Effective System for
Routine Monitoring
and Identification of
Compliance Risk

6

Procedures and System
for prompt response
to **Compliance** Issues

7

Compliance Organizational Structure



*For more information you can refer to the policy:
**Policy-MCS-002 Compliance Officers,
 Compliance Committee and High Level
 Oversight**

Written Policies, Procedures and Codes of Conduct

- **MCS** has **Compliance** Policies and Procedures detailed and specific that describe and implement the operation of the **MCS** Compliance Program
 - They are updated according to changes in regulations, applicable laws and other requirements
 - Are reviewed annually or more frequently if necessary
 - Are approved by the **MCS** Corporate Compliance Committee

*For more information please refer to policy:
**MCS-Policy-001 Policies, Procedures,
Code of Conduct and Compliance
Program.**

Effective Training and Education

- General **Compliance** Training includes topics related to:
 - Code of Conduct and Compliance Program
 - Fraud, Waste and Abuse (FWA)
 - Privacy
- **All MCS Employees, Board of Directors and FDR's** must complete these trainings during the first ninety **(90)** days of initial recruitment and then annually or more frequently if necessary
- To strengthen the **Compliance** culture, several activities are done during the year to strengthen the culture of compliance (eg. **Compliance Alerts, Specialized Compliance Trainings and Compliance Week**)

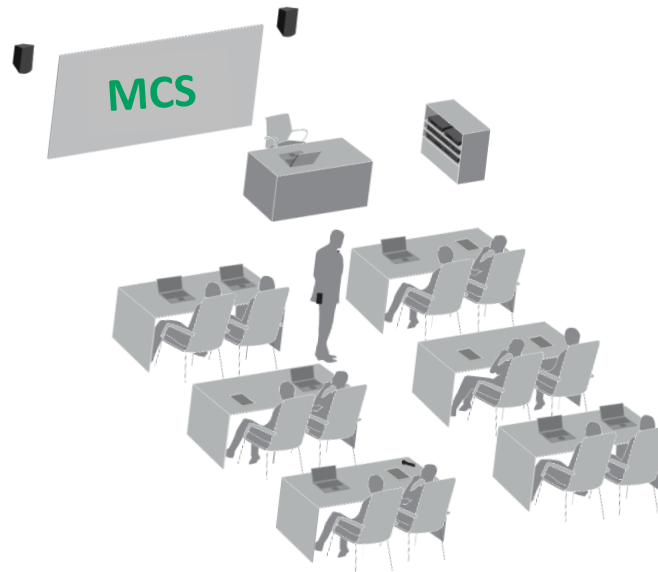
*For more information please refer to policy:
MCS-Policy-003 Effective Training and Education, and its related procedures.

Effective Training and Education, cont.

- **MCS** distributes General **Compliance** Trainings to the First Tier Entities when the initial contract is executed, when there are updates and annually thereafter. **MCS** First Tier Entities are required to:
 - Provide effective General **Compliance** Trainings and Fraud, Waste and Abuse trainings and education to their employees and members of the Board, as applicable, within ninety (**90**) days of initial hiring or appointment, when there are updates and annually thereafter
 - Must maintain all documentation related to the trainings, including the mechanisms used to measure the effectiveness of the trainings for a period of ten (10) years

Effective Training and Education, cont.

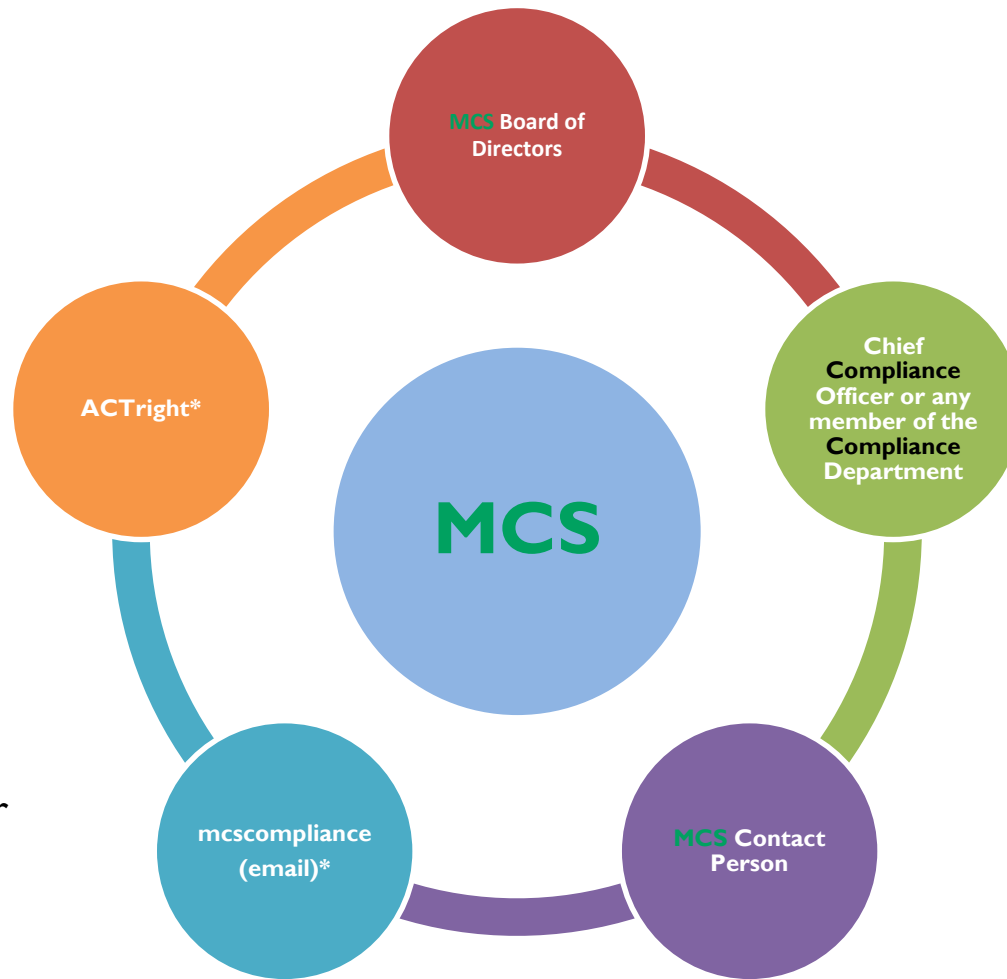
- The FDR's are responsible of:
 - **Identifying, developing and coordinating specialized Compliance** trainings in accordance with the risks and needs of the job functions of the employee



Effective Lines of Communication

- **MCS** Lines of Communication are useful tools to seek advice and report situations of non-compliance, fraud, waste and abuse
 - To report situations of non-compliance, fraud, waste and abuse, there is no established order to be used
 - You can report to the lines of communication with which you feel comfortable reporting

Effective Lines of Communication, cont.



There is not order established

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* ACTright Hotline & Web Reporting Line (available 24 hours/7 days to all Covered Persons and members of the Governing Board) at: 1.877.MCS.0004 (1.877.627.0004)/mcs.com.pr
Email: mcscompliance@medicalcardsystem.com

Effective Lines of Communication, cont.

- If you wish to report **anonymously** a suspected violation of the Compliance Program, Code of Conduct or any other behavior that is of concern to you, you may use the **ACT right** lines calling: 1.877.627.0004 or accessing **mcs.com.pr**

Remember that it is a requirement report any actual or suspected situation of non-compliance.

You should report it immediately through the confidential communication lines!



Effective Lines of Communication, cont.

- When to seek orientation?
 - The applicable policies and/or procedures are difficult to interpret under certain circumstances
 - The relevant laws or regulations are complex
 - Think you can be in a "gray zone" in which it is unclear what course of action should be taken, and need guidance

Effective Lines of Communication, cont.

After receiving a report of non-compliance, fraud, waste or abuse, the received cases are handled with strict **confidentiality**



- **MCS** guarantees: Confidentiality, Anonymity/ACTright and Non Retaliation and Non Intimidation
- The reported identity will not be disclosed unless it is absolutely necessary for an investigation or where disclosure is required by law through a subpoena or court order

* For more information please refer to policy: **MCS-Policy-004 Effective Communication Lines and related procedures.**

Non Retaliation & Non Intimidation

- **MCS** prohibits retaliation or 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; violations of this Code, the **MCS** Compliance Program, policies and procedures, or of any applicable law or regulation
- 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
- Concerns about retaliatory or intimidating behavior should immediately be reported through the **MCS** Confidential Reporting Lines

*For more information please refer to policy: **MCS- Policy- 008 No intimidation and No Retaliation and its related procedures.**

Well-Publicized Disciplinary Standards

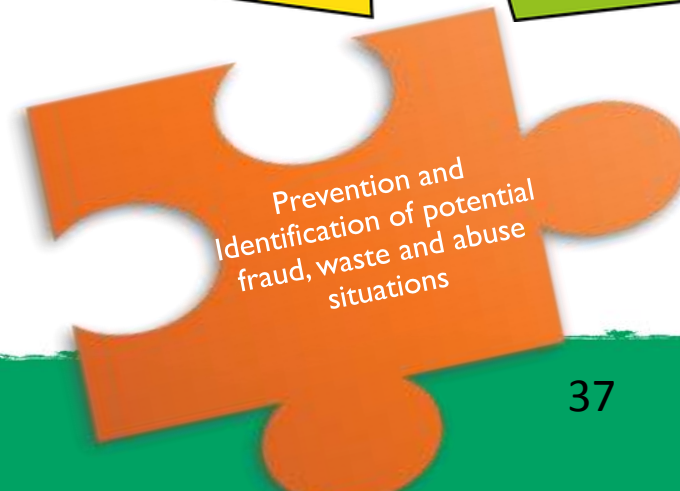
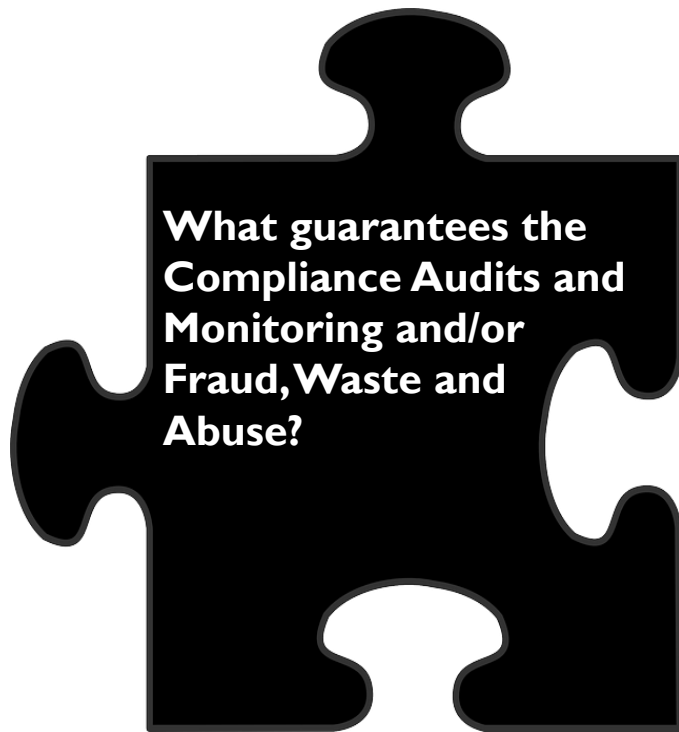
- When an investigation process concludes, a determination will be made and the cases of confirmed non-compliance may result in corrective action plans, monetary fines or contract termination.
- Corrective actions will be implemented on time, consistently and according to the severity of violation.



Effective System for Routine Monitoring and Identification of Compliance Risk

- What Are Internal Monitoring and Audits?
 - Internal monitoring activity is a regular review performed as part of normal operations to confirm ongoing **Compliance** and to ensure that corrective actions are undertaken and effective
 - Internal auditing is a formal review of **Compliance** with a particular set of standards (for example, policies and procedures, laws, and regulations) used as base measures
 - Internal monitoring activity is also performed to identify situations of potential fraud, waste or abuse in the services paid by MCS to providers

Effective System for Routine Monitoring and Identification of Compliance Risk, cont.



Effective System for Routine Monitoring and Identification of Compliance Risk, cont.

- What is the responsibility of the FDR's under a investigation or audit?
 - Observe all laws, regulations, rules, ordinances and federal and local restrictions
 - Cooperate fully in all audits, inquiries, investigations or other reviews conducted by **MCS**, its designee, outside party and/or regulatory agencies



Procedures and System for Prompt Response to Compliance Issues

- Upon receipt of a report of suspected or actual non-compliance or Fraud, Waste and Abuse 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 non-compliance or potential fraud, waste and abuse incident was identified or reported
- Investigation activities include, but are not limited to:



*For more information please refer to policy: **MCS-Policy-007 Prompt Response to Compliance Situations** and its related procedures.

Our Commitment

Committed to:

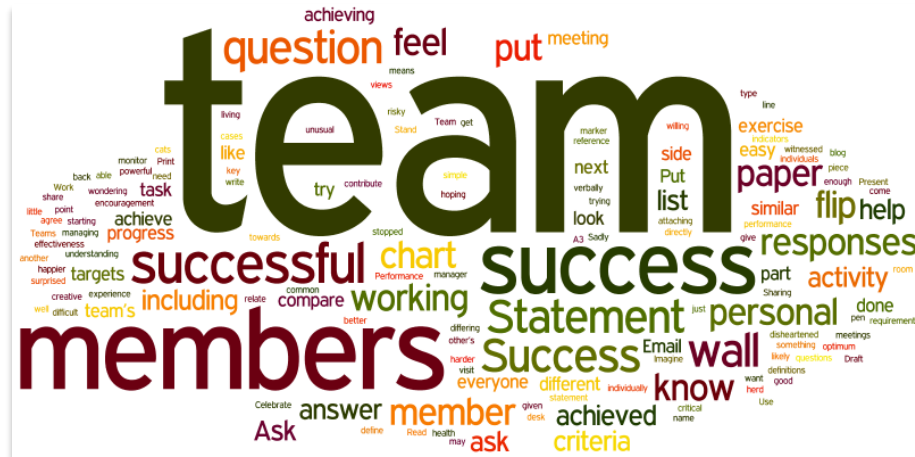
Act fairly
and honestly

Adhere to
high ethical
standards in
all you do

Comply with
all applicable
laws,
regulations,
and CMS
requirements

Report
suspected
violations

We are a Team, and **MCS's** success depends on your contribution and ability to inspire **trust** and confidence on your co-workers, supervisors and others, respecting the rights and dignity of others and a dedication for the wellbeing of **MCS**, are essential



Is a requirement to report actual, suspected or potential non-compliance, fraud, waste and abuse



Do not forget...

Your commitment to **ACT** in **Compliance** maintains a culture of integrity in **MCS**.

Remember to access the **MCS** Compliance Program, Code of Conduct (as applicable) and policies and procedure through the following mechanisms:

- **Página Web de MCS:** www.mcs.com.pr
- **Página Web de MCS Classicare:** mcsclassicare.com

Contacts that you must remember...

Compliance Department

- Email: mcscompliance@medicalcardsystem.com
- Location: 17th floor, Building MCS Plaza

Chief **Compliance** Officer

- Maité Morales Esq. LL.M. CHC
- Phone: 787-758-2500 ext. 2661

Confidential Reporting Lines ACTright:

- 1.877.MCS.0004 (1.877.627.0004)
- www.mcs.com.pr



MCS is committed to ethics, Compliance and Medicare requirements. This training, **MCS** policies, procedures, Code of Conduct and Compliance Program, comply with the following laws, regulations and/or guidelines:

- Title XVIII of the Social Security Act
- Code of Federal Regulations, specifically 42 CFR §§422 and 423
- Federal Sentencing Guidelines
- Federal and State False Claims Acts
- Stark Law (Physician Self-Referral Statute)
- Federal Anti-Kickback statute
- The Beneficiary Inducement Statute
- Fraud Enforcement and Recovery Act of 2009

MCS is committed to ethics, Compliance and Medicare requirements. This training, **MCS** policies, procedures, Code of Conduct and Compliance Program, comply with the following laws, regulations and/or guidelines, cont.

- Health Insurance Portability and Accountability Act (HIPAA)
- Prohibitions against employing or contracting with persons or entities that have been excluded from doing business with the Federal government
- Applicable provisions of the Federal Food, Drug, and Cosmetic Act.
- Health Information Technology for Economic & Clinical Health (HITECH)
- HPMS memos

MCS is committed to ethics, Compliance and Medicare requirements. This training, **MCS** policies, procedures, Code of Conduct and Compliance Program, comply with the following laws, regulations and/or guidelines, cont.

- Medicare Managed Care Manuals
- Prescription Drug Benefit Manuals
- Medicare Improvements for Patients and Providers Act (MIPPA)
- Patient Protection and Affordable Care Act (PPACA)
- The U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) Annual Work Plan
- Puerto Rico Insurance Code
- Puerto Rico Health Insurance Code

Remember

EVERYDAY
IS COMPLIANCE
DAY



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