APPLECARE COMPLIANCE PLAN

INTRODUCTION

It is the policy of AppleCare Insurance Services, AppleCare Medical Management, AppleCare Medical ACO, LLC, AppleCare Medical Group-St. Francis, Inc., and AppleCare Medical Group, Inc. (collectively “AppleCare”) to consistently and fully comply with all laws and regulations pertaining to the delivery of and billing for services which apply to AppleCare on account of its participation in Medicare, including Part D, Medicaid, the Federal Employees Health Benefits Program (“FEHBP”) and other government programs.

AppleCare has developed this Fraud, Waste and Abuse (“FWA”) Compliance Plan to be a comprehensive statement of the responsibilities and obligations of all employees and all providers/suppliers and other individuals or entities performing functions or services related to AppleCare activities regarding submissions of information on which payment is made by the Centers for Medicare & Medicaid Services, or CMS (for Medicare) including Part D, and other government payors for services rendered by AppleCare.

We recognize that some areas of health care law, including certain statutes and regulations, may be contradictory or unclear. AppleCare will use reasoned review and seek assistance from regulatory authorities when appropriate and available. As guidance concerning these laws and regulations continues to unfold, AppleCare will continue to respond in a manner that fosters legal and ethical compliance.

SCOPE

These Compliance Plan standards shall apply to all employees, directors, and officers, including the Chief Executive Officer and all senior financial officers affiliated with AppleCare and all providers/suppliers and other individuals or entities performing functions or services related to AppleCare activities, such as sales agents, external advisors, contractors, consultants and others.

It is the responsibility of these individuals to be familiar and comply with all requirements of the Compliance Plan that pertain to their respective areas of responsibility and recognize and avoid actions and relationships that might violate those requirements.

WRITTEN STANDARDS OF CONDUCT: PRINCIPLES OF ETHICS & INTEGRITY

AppleCare has instituted this Compliance Plan and the Principles of Ethics & Integrity: Your Guide to Business Conduct to reinforce its dedication to compliance with Federal and State law, along with sound ethical and business practices. AppleCare will provide a copy of the Plan or access to the Plan to each employee and all providers/suppliers and other individuals or entities performing functions or services related to AppleCare activities. These individuals must sign the Principles of Ethics & Integrity Attestation Statement reflecting their understanding of and agreement to abide by the Plan. If an individual becomes aware of any conduct in violation of the Plan or believes they may have been asked to engage in illegal or unethical conduct, they should report it promptly to a supervisor or the Compliance Officer or anonymously, through the...
Compliance & Ethics Hotline at (877) 842-7954. Retaliation in any form against an individual who, in good faith, reports a suspected violation of this Plan or provides information related to such reports, Company policies, the law or contractual obligations, is prohibited.

When in doubt as to how a specific ethical or other situation covered by this Compliance Plan should be handled, individuals should seek assistance from a supervisor or the Compliance Officer. This Compliance Plan is intended generally to define appropriate workplace conduct. It is meant to supplement other policies and procedures established by AppleCare, such as coding and billing policies and policies contained in the employee handbook. The plan is intended, at a minimum, to promote compliance with state and federal laws. However, in many cases this Compliance Plan exceeds the standards required by law. While this Plan is intended to serve as a guide for workplace conduct, it cannot address every situation that AppleCare personnel may encounter. Therefore, AppleCare expects individuals to exercise personal integrity and good judgment in every situation, regardless of whether it is specifically addressed in the Plan.

CONDUCT EXPECTATIONS

AppleCare is committed to providing high quality services. This commitment demands that AppleCare maintain high standards of business and personal ethical conduct. To further these goals, AppleCare has established this Compliance Plan to assist individuals in complying with State and Federal law and conducting business in an ethical manner.

COMPLIANCE REQUIRES A TEAM EFFORT.

To create a workplace which values commitment to honesty, fairness and compliance with the law, individuals must be familiar with and abide by these standards of conduct. The Compliance Plan is designed to assist AppleCare individuals in resolving issues of ethics, legal compliance and appropriate conduct in the workplace. AppleCare depends upon and requires individuals to bring compliance issues to the attention of their supervisors or the Compliance Officer. If uncertainty exists, individuals should err on the side of reporting the issue to his or her supervisor or to the Compliance Officer so that it can be resolved. Individuals may be assured that no action will be taken against them for reporting potential violations. Failure by supervisors and management to report an identified problem may result in sanctions and disciplinary action.

Compliance in all areas of business is a subject we take seriously. We encourage open communication with our individuals and suggest to them: “when in doubt, ask”. Whenever they have a question or concern, are unsure about what the appropriate course of action is, or believe that a violation of the law has occurred, ask your immediate supervisor or any member of management with whom you feel comfortable.

OBLIGATION TO REPORT

If you encounter any situation that you believe may be in violation of the provisions of the Compliance Plan or any other AppleCare policies or procedures, you should immediately contact your supervisor, another member of the management team, or the Compliance Officer; OR, anonymously, through the Compliance & Ethics Hotline at (877) 842-7954. Retaliation in any
form against an individual who, in good faith, reports a suspected violation of this Plan or provides information related to such reports, Company policies, the law or contractual obligations, is prohibited. Individuals are responsible for ensuring compliance.

Additionally, if you become aware of a situation that may be a violation of the Compliance Plan, any other policy or procedure, or any law or regulation, and you do not report the situation, your failure to report may be considered a part of the violation. You may be subject to disciplinary action if you are aware of a problematic situation and do not report it. In other words, your obligation to AppleCare is not only to abide by the Compliance Plan in your own actions, but to help us ensure that all of our operations are within the requirements of our Compliance Plan.

Violations of the Compliance Plan or of other AppleCare rules, policies, practices or procedures may subject an employee to disciplinary action, up to and including suspension or termination.

**CORPORATE COMPLIANCE OFFICER (CCO)**

AppleCare has appointed a Compliance Officer to implement and monitor this Compliance Plan. The Compliance Officer will have the following duties:

1. Coordinate an annual review and update this Compliance Plan as necessary;
2. Design and conduct or arrange for periodic Compliance Plan reviews;
3. Regularly report to AppleCare senior management and the Board of Directors the results of any audits, the status of any investigations, and the existence of any non-compliance with the provisions of this Compliance Plan;
4. Distribute the written standards of conduct as required by this Compliance Plan;
5. Arrange for, conduct, and oversee initial and periodic training programs for all employees and all providers/suppliers and other individuals or entities performing functions or services related to AppleCare activities and Medicare Advantage Part C & D programs on the Compliance Plan and applicable laws, regulations and standard operating procedures;
6. Be familiar with all applicable laws, regulations, and standard operating procedures relevant to the Plan;
7. Maintain records related to the Compliance Plan;
8. Put in place adequate programs and procedures to screen employees contractors, vendors, brokers, providers/suppliers and claims against applicable federal and state sanction lists at time of hire or contracting and monthly thereafter and
9. Perform other activities as may be required to achieve a successful application of the Compliance Plan.

**EDUCATION AND TRAINING**

AppleCare commitment to compliance requires training of employees and all providers/suppliers and other individuals or entities performing functions or services related to AppleCare and Medicare Advantage Part C & D programs. Individuals will receive compliance training appropriate to the requirements of their position upon hire or contracting and annually thereafter.
INTERNAL MONITORING AND AUDITING

As an integral part of its commitment to prevent FWA, AppleCare has developed, and shall continue to develop and refine, procedures for effective internal monitoring and auditing of FWA.

In order to detect non-compliance with the Compliance Plan, AppleCare shall periodically monitor and audit the business activities of AppleCare related to providing services to Medicare eligible enrollees. Auditing and monitoring of FWA may be performed utilizing any of the following:

a. Unannounced internal audits or "spot checks;"

b. Examination of the performance of the compliance plan including review of training, the compliance issues log (e.g. Hotline log), investigation files and certifications for receipt of standards of conduct;

c. Review of areas previously found non-compliant to determine if the corrective actions taken have fully addressed the underlying problem;

d. Access to existing audit resources, relevant personnel, and relevant areas of operation by both internal and independent auditors.

1. **Formal Auditing and Monitoring**
   Audits may be performed by internal or external auditors with expertise in federal and state health care statutes, regulations, and policies. The external auditor shall be independent of AppleCare's management and have complete access to records and personnel.

2. **Informal Audits and Monitoring**
   Monitoring activities refer to reviews that are repeated on a regular basis during the normal course of operations. Monitoring may occur to ensure corrective actions are undertaken or when no specific problems have been identified to confirm ongoing compliance.

3. **Documentation**
   All efforts to comply with applicable statutes and regulations shall be documented, including the fact that an audit has taken place and a description of the nature and results of the audit. Any inquiries AppleCare makes of third party payors or Medicare carriers regarding the claim submission process shall be documented if AppleCare intends to rely on the guidance. AppleCare or its designee will engage in data analysis to identify patterns of aberrant and potentially abusive utilization or business practice. When data analysis reveals the potential for fraud or abuse, AppleCare must refer these leads promptly to the appropriate regulatory entity for further investigation. Documentation of how internal monitoring and auditing for FWA, including data analysis procedures, may be requested upon CMS audit.
4. **Periodic Audits**
   On a periodic basis as determined by the Compliance Officer, AppleCare shall conduct random audits to ensure adherence to the Compliance Plan. When audit results reveal areas needing additional information or education, these areas will be incorporated into the training and educational system.

5. **Disclosure of Audit Results**
   The Compliance Officer shall report to the Board of Directors the results of any audit. The Compliance Officer, in consultation with Legal Counsel, shall determine whether corrective action is necessary. Legal Counsel will advise on matters of attorney/client privilege, disclosure, and whether AppleCare has any affirmative duties to report the violations and/or make restitution to members, providers, or CMS.

6. **Data Analysis**
   AppleCare or its designee will engage in data analysis to identify patterns of aberrant and potentially abusive utilization. When data analysis reveals the potential for FWA within AppleCare’s network, AppleCare shall refer these leads promptly to the appropriate regulatory entity for further investigation. Documentation of how internal monitoring and auditing for FWA, including data analysis procedures, shall be made by AppleCare which may be requested upon a CMS audit.

**DISCIPLINARY MECHANISMS**

If an employee violates any provision of the Compliance Plan then disciplinary action will be taken. Disciplinary action shall depend on the degree of severity of noncompliance and may include, but shall not be limited to:

- a. Warnings (oral);
- b. Reprimands (written);
- c. Probation;
- d. Demotion;
- e. Suspension without pay;
- f. Referral to counseling;
- g. Withholding of a promotion or salary increase or other financial penalties;
- h. Termination;
- i. Failure to renew agreements;
- j. Contract termination;
- k. Restitution of damages; and
- l. Referral for criminal prosecution to law enforcement agencies, CMS or other applicable government entity

Disciplinary action will be pursued on a fair and equitable basis, and employees at all levels of AppleCare shall be subject to the same disciplinary action for the commission of similar offenses, including management. AppleCare’s Human Resources Director, in conjunction with the Compliance Officer and Compliance Committee, will serve as the appropriate body to ensure
that the imposed discipline is proportionate and administered fairly and consistently in compliance with AppleCare’s policies and procedures.

PROCEDURES FOR RESPONDING AND DETECTING OFFENSES AND CORRECTIVE ACTION

1. General
   AppleCare is committed to investigating any incident of noncompliance with the Compliance Plan, significant failures to comply with applicable federal or state law, and other types of misconduct which threatens or calls into question AppleCare’s status as a reliable, honest, and trustworthy entity. Fraudulent or erroneous conduct that has been detected, but not corrected, can seriously endanger the reputation and legal status of AppleCare. In this regard, AppleCare has developed internal and external audit procedures and encourages individuals to report FWA on their own initiative.

2. Responding to and Correcting Potential Violations
   Upon receipt of reports or reasonable indications of suspected noncompliance or FWA, the Compliance Officer, or the person to whom he delegates, will investigate the allegation(s) to determine whether a material violation of applicable law or requirements of the Compliance Plan has occurred. In the event of any material violation of this Compliance Plan, or if any incident of fraud is determined by the Compliance Officer, the Compliance Officer shall immediately take appropriate actions, including:
   a. Refer any abusive or potentially fraudulent conduct or inappropriate utilization activities, once identified via proactive data analysis or other processes, for further investigation to the appropriate regulatory entity;
   b. Cooperate with any involved regulatory entity in any investigation;
   c. Identify and repay any overpayments to the appropriate party; and
   d. Terminate any employees or plan members who engage in fraud or abusive practices from any work on all federal health care programs.

3. Investigation
   An investigation of a particular practice or suspected violation shall involve a review of the relevant documentation and records, interviews with staff, and analysis of applicable laws and regulations. All investigations shall be conducted under the auspices of Legal Counsel and any and all investigators, consultants or other third parties retained to participate in the investigations shall be retained through Legal Counsel.

   The results of any investigations shall be thoroughly documented. Investigation records shall include a description of the investigative process, copies of interview notes and key documents, a log of individuals interviewed and documents reviewed the results of the investigation, and any disciplinary or corrective actions taken. Precautions shall be taken to ensure that critical documents are not destroyed without permission of the Compliance Officer and approval of Legal Counsel, and are retained in accordance with statutory guidelines regarding retention.
4. Corrective Action
Corrective Action should be taken promptly following completion of the investigation. If an audit or investigation reveals a material violation of this Compliance Plan including Medicare Advantage, Medicare Part D regulations and guidelines, Medicaid legal requirements, or FEHBP requirements the Compliance Officer and Legal Counsel shall draft a corrective plan of action, and establish deadlines by which corrective action must take place. Possible corrective actions include, but are not limited to, refunds of any overpayment received, employee disciplinary action up to and including termination, and reporting to federal or state authorities. All corrective actions shall be documented, and include progress reports with respect to each error identified. Any decision whether to disclose the results of investigations or audits to federal or state authorities shall be made by Legal Counsel.

5. Relations with Regulatory and Government Entities
It is the AppleCare’s policy to fully cooperate with regulatory and government entities. AppleCare shall cooperate and coordinate in the following ways:
   a. Access shall be provided to all requested facilities and records associated in any manner with the Medicare programs for (ten) 10 years from the end of the final contract period or
   b. Completion of an audit, whichever is later, unless specific conditions apply. This includes;
      i. allowing access to any government auditor acting on behalf of the federal government or
      ii. CMS to conduct an onsite audit at the facilities of AppleCare or any of its subcontractors;
   c. Allegations of potential or actual fraud identified must be referred to the appropriate regulatory entity for further investigation;
   d. Referrals to governmental agencies shall be documented;
   e. Once AppleCare has referred a case to the appropriate entity (entities), AppleCare will continue to track all aspects of the case, as specified, and provide updates as needed.