

Title	Fraud, Waste and Abuse – General Information & Reporting
Number	CP.LE.SI.001.v1.7
Current Effective Date	04/14/20
Original Effective Date	03/19/04
Replaces	External Fraud – General Information & Reporting Policy, CP.OP.004 & CP.LE.007.
Cross Reference	Code of Conduct; Medicare Advantage Compliance Program document; FDR Delegation Oversight C&E Department Policy; Non-Retaliation HR Department Policy; Compliance & Ethics Education and Training Policy; Compliance & Ethics Hotline Policy

Purpose	To establish and promote awareness of the Company’s program for Fraud, Waste and Abuse prevention, detection and investigation; as well as to provide the tools and processes necessary for employees, members, and providers to identify and report such events.
Scope	<p>Applies to PREMERA and its subsidiaries and affiliates (“Premera” or the “Company”) and vendors or non-employees determined to be First-Tier, Downstream or Related Entities (FDRs) supporting the Medicare Advantage line of business for Premera. Contracted Medicare Advantage producers and providers, working with the Company’s MA program, are considered FDRs by definition.</p> <p>This policy describes Fraud, Waste and Abuse events and activities as they relate to external entities. Investigating complaints of Fraud, Waste, and Abuse against external parties is the responsibility of the Special Investigations Unit (SIU). Processes for the reporting and handling of internal fraud complaints are contained within the Code of Conduct and the <i>Compliance & Ethics Hotline policy</i>.</p>
Definitions	<p>“Abuse” includes actions that may, directly or indirectly, result in: unnecessary costs to any health care benefit program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. Abuse involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment. Abuse cannot be differentiated categorically from fraud, because the distinction between “fraud” and “abuse” depends on the specific facts and circumstances, intent and prior knowledge, and available evidence, among other factors. The OIG defines abuse as including excessively or improperly using government resources.</p> <p>“Audit” is the formal review of compliance with a particular set of standards (e.g., policies and procedures, laws and regulations) used as base measures.</p> <p>“Downstream Entity” is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit or Part D benefit, below the level of the arrangement between a Medicare Advantage Organization (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.</p>

“Fraud” is knowingly and willfully executing, or attempting to execute a scheme or artifice to defraud any health care benefit program; or obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money or property owned by, or under the custody or control of, any health care benefit program. 18 U.S.C. § 1347. The Office of Inspector General (OIG) defines fraud as including obtaining a benefit through intentional misrepresentation or concealment of material facts.

“FWA” means fraud, waste and abuse.

“FDR” means First-Tier, Downstream or Related Entity.

“First Tier Entity” is any party that enters into a written arrangement, acceptable to CMS, with an 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.

“Non-employee” are individuals who are employed by a firm that is paid by the Company through a contracted relationship and not through the payroll system. Currently, the Company recognizes three different roles under the non-employee category:

- 1) **“Temporary Worker”** means a worker that performs work similar to that of a Premera employee. We oversee the work they do. The worker is paid by the vendor on an hourly basis and Premera is billed based upon a contracted hourly rate.
- 2) **“Consultants”** means a worker that performs specialized work. We do not directly manage the work they do. Statements of Work and milestone-based work are often associated with these workers.
- 3) **“Vendor Worker”** means a worker that is part of a negotiated contract. Their day-to-day activities are managed by the vendor.

“OIG” is the Office of Inspector General within DHHS. The Inspector General is responsible for audits, evaluations, investigations, and law enforcement efforts relating to DHHS programs and operations, including the Medicare program.

“Related Entity” means any entity that is related to an MAO or Part D sponsor by common ownership or control and

- 1) Performs some of the MAO or Part D plan sponsor’s management functions under contract or delegation;
- 2) Furnishes services to Medicare enrollees under an oral or written agreement; or
- 3) 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.

“SIU” Special Investigations Unit is an internal investigation unit responsible for conducting investigations of potential FWA.

“Waste” is the overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to any health care benefit program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources.

“Provider” means a health care practitioner or facility that is duly licensed, certified or registered by the state in which services are performed.

Policy	<p>Premera and its affiliates are committed to the prevention, detection, and investigation of Fraud, Waste and Abuse (FWA). It is the policy of Premera to follow all applicable State and Federal False Claims Acts and to educate all existing employees, management, governing body members, agents, producers, Contingent Workers, and FDRs to the policies and procedures intended to meet those requirements upon hire/engagement.</p> <p>In addition to the financial impact of Fraud, Waste, and Abuse, some abusive or fraudulent schemes can jeopardize patient safety and quality of care. Premera takes seriously its federal, state and contract obligations and its mission to provide peace of mind to members about their health care coverage. To meet these obligations and fulfill its mission, Premera has established a Special Investigations Unit (SIU) to combat Fraud, Waste and Abuse.</p> <p>It is the policy of Premera to prevent, proactively detect, and investigate health care FWA perpetrated by providers, producers, employer groups, members, and any other entity with access to funds paid in connection with health care services. When necessary, the Company takes corrective action, up to and including prosecution. Examples of corrective action include recovery of inappropriately paid claims, civil actions, referral to local, state and/or federal criminal or regulatory agencies, and credentialing committees.</p> <p>Examples of Abuse include, but are not limited to:</p> <ul style="list-style-type: none"> • Misusing codes on claims; • Billing for services grossly in excess of those needed by patients; and • Incorrectly apportioning costs on cost reports. <p>Examples of Waste include, but are not limited to:</p> <ul style="list-style-type: none"> • Writing prescriptions requiring brand name pharmaceuticals when a generic is available at a reduced cost; • Delaying referral of patients to specialists when appropriate in order to maximize service funds; and • Using a more expensive technique to provide treatment when an acceptable alternative method is readily available at a reduced cost. <p>Examples of Fraud include, but are not limited to:</p> <ul style="list-style-type: none"> • Billing for services not provided; • Intentionally using an incorrect or inappropriate provider number to be paid; • Signing blank records or certification forms that are used by another entity to obtain payment; • Falsifying information on applications, medical records, billing statements, claims and/or cost reports; • Misrepresenting non-covered services as medically necessary, by using inappropriate procedure or diagnosis codes; and • Providing false employer group and/or group membership information. <p><u>SIU Overview</u></p> <p>The SIU is accountable for developing and maintaining for the Company a comprehensive program to combat Fraud, Waste and Abuse. The SIU provides a central point for the identification and screening of potential FWA and the development of procedures to prevent and detect these events. The SIU investigates allegations of FWA and actively cooperates with criminal investigations conducted by federal, state and local authorities.</p> <p>Premera's policies incorporate regular and effective FWA education and training programs. FWA awareness training is provided to new employees and management. All</p>
---------------	--

	<p>Premera employees, management and FDRs are required to complete FWA web-based training upon hire/engagement and to participate in annual web-based approved FWA training modules. Information on health care fraud and abuse is readily available to employees, members, providers and the general public via the Company's intranet and Internet sites.</p> <p><u>Reporting</u> While the SIU has primary accountability for investigating FWA, all employees share the responsibility of detecting and preventing FWA. Employees are obligated to report suspected or actual violations of corporate policies, the Code of Conduct, other Company rules and guidelines, and the law. Cases of suspected FWA should be referred to the SIU. Referrals can be made either by completing the Referral for Potential Fraud Form, sending an e-mail to the SIU Referrals mailbox, or by calling the Fraud Hotline. Employees can call the Hotline at 1-800-848-0244 or 425-918-5500. To protect the confidentiality of all parties, the individual making the referral may not be informed of the progress and/or outcome of an investigation.</p> <p><u>Investigations</u> Investigations of suspected FWA cases are the responsibility of the SIU. The SIU may require submission of clinical information for the purpose of investigating fraudulent or abusive billing practices, so long as the Plan has a reasonable basis for believing that such investigation is warranted.</p> <p>Investigations, when conducted with the Legal department, are privileged and subject to the attorney-client privilege and/or the attorney work product doctrine. As part of these investigations, the SIU may collaborate with other departments as well as with federal, state and local law enforcement. In addition, employees in other departments may be requested to assist during an investigation.</p> <p><u>Protection Against Retaliation</u> No report of suspected FWA to the SIU made in good faith pursuant to this policy will result in any adverse employment or other action against the reporting party. Those who observe or experience what they perceive to be retaliation for referring suspected FWA to the SIU should promptly report their concerns to their manager or, if that is not comfortable or practical, to Human Resources or Compliance & Ethics. While Premera encourages reporting of concerns in this manner, employees may also report violations or concerns anonymously via the Compliance & Ethics Hotline at 1-888-418-1537 or online.</p>
Violations of Policy	<p>Violations of this policy may be grounds for corrective action, up to and including termination of employment.</p> <p>Violations by FDRs of this policy may result in increased auditing and monitoring, performance guarantee or other contractual penalties and/or termination of the contract.</p> <p>Corrective actions will be appropriate to the seriousness of the violation.</p>
Exception Process	Any exception to this policy must be approved in advance by the EVP, Chief Legal & Risk Officer.
Laws, Regulations & Standards	18 USC § 287 & 1347; 31 USC 3729-33; 42 USC § 1320a-7b(b) & 1395nn; 42 CFR § 1001.952 & 1001.1901; HIPAA; RCW 48.135.050; RCW 48.80.030, and other requirements applicable to the Company.

Controls	Employees are responsible for acknowledging that they have read the Code of Conduct, participating in the new hire orientation process, and completing required training promptly.
Contact	Any questions regarding the contents of this policy or its application should be directed to the Director, Special Investigations Unit.
Approval Dates	04/14/20; 04/18/19; 04/20/18; 04/10/17; 04/29/16; 07/13/15; 09/02/14; 09/03/13; 04/12/13; 04/17/12; 04/04/11; 03/15/10; 06/01/09