



*Code of
Business
Conduct*

Message from the CEO

One of Regence's operating principles is to "treat each other and all those who serve our members with respect, dignity and trust." It is important that we behave ethically, lawfully and with integrity. This is how we earn the trust of our members, partners and coworkers. I know this starts with me.

I personally hope that I never do or say anything that is inconsistent with these values, or calls into question my own integrity and honesty. If you ever think I do, please let me know.

I realize that the ethical situations we encounter from time to time at Regence aren't always clear cut. That is why we have a Code of Business Conduct. It is a resource to guide our decision-making. It puts us all on the same page in terms of understanding what is expected of us. It sets the company's expectations for employees, officers, directors, and everyone who is authorized to act on Regence's behalf. Please take time to familiarize yourself with the Code now so that you can refer to it quickly when you need it.

Regence's cause is a noble one. We're transforming health care to reduce the tyranny of health care waste, confusion and threats for our members and their families. But nothing else matters if we don't behave ethically as a company and as individuals in living our cause.

Please join me in renewing your commitment to these ethical business standards and keeping them at the center of what you do.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark B. Ganz", with a horizontal line extending to the right.

Mark B. Ganz
President and Chief Executive Officer
The Regence Group

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Who does this Code of Business Conduct apply to?

The Regence Code of Business Conduct applies to all Regence employees, officers, and fiduciary board members. In some cases, it may also apply to your family members.

Wherever the Code refers to your family members, it is intended to apply to your immediate family members; i.e., spouse, children, parents, siblings, including step-relatives and in-laws. Family members also include domestic partners, other persons with whom you share a significant relationship, and any person who is part of your household.

What do we stand for?

As mentioned in Mark's letter, we stand for a cause – transforming health care, reducing the tyranny of health care waste, confusion, and threats for our members and their families. Supporting that cause are some important values.

Our values guide us in our strategic decision-making and our day-to-day interactions with coworkers, members, groups, suppliers, sales agents, providers and others with whom we do business.

- **Accountability:**
 - We live up to our responsibilities and deliver on our promises.
 - We take ownership of problems, as well as the consequences that flow from our own decisions, behaviors and mistakes.
 - We work to correct mistakes.
 - We speak up if we have a question or concern.
 - We hold ourselves accountable to our company values and standards, as well as to our members, coworkers and to all whom we serve.

- **Commitment:**
 - We are committed to satisfying our members, to a job well done, and to the success of The Regence Group.

- **Trust:**
 - We trust in the good intentions of our colleagues and partners to provide health care security and value for our members. Trust is the foundation of all our relationships. In all we do, we work to build and maintain trust with others.

- **Teamwork:**
 - We work effectively with our internal and external partners to fulfill the needs of our members to their satisfaction. We recognize and value diversity of skills, talents and experience within the organization.

- Leadership:
 - We demonstrate leadership in our markets, our communities, and the health care industry. We each set a personal example of high ethical standards in performing our jobs.
- Member Focus:
 - We maintain our status as a not-for-profit organization in order to ensure our focus on providing value to our member.

What role does ethics play in all of this?

Ethics and values are intertwined. Together they make a statement about how we do business. Ethics touches everything we do. It is a reflection of who we really are as individuals and as a company, and what we value most. It is a reflection of the thoughts that drive our behaviors. A very simple definition of ethics that works in business as well as in our lives is “Doing the right thing.” Our goal is to “do the right thing in every situation.”

It’s that straightforward. It’s about using common sense, following the rules – this includes laws and company policies – exercising good judgment and asking questions when we have them. This doesn’t mean that we won’t ever make mistakes. We’re human after all. It’s about doing our best and recognizing that where we do make mistakes, we are accountable enough to acknowledge them and fix them.

Regence complies with all laws and regulations that apply to our business. We are committed to preventing unethical or unlawful behavior and to stopping such behavior as soon as reasonably possible after it has been detected. We take necessary corrective actions to prevent a repeat violation.

What’s my role?

Your role is to do the right thing and ask questions if you’re not sure what the right thing is.

Here are some questions that may help you in thinking through a situation that you find confusing or troubling:

- What’s going on?
- Is it legal?
- Does it comply with Regence policy or department procedures?
- Does it feel right?
- Could this situation appear inappropriate to others, even if it is ethical?
- Would I want to read about this in the headlines of my local newspaper?
- Would additional information or advice be helpful?
- Should I talk to my management?

- Who else can I talk to for additional information or advice?

If you think that something is wrong or even if you're not sure and you find the situation confusing or troubling, talk to someone who can help. Don't rely on someone else to bring it up. We've all seen situations when lots of people knew that something was wrong, but chose not to become involved. As a result, the wrong behavior persisted and spread. Yes, the people behaving unethically were clearly at fault. But those who observed that behavior also had an accountability to call it to someone's attention.

Please be aware that corrective action may be taken against you if you:

- are aware of unethical or unlawful behavior and don't report it.
- either don't cooperate or aren't honest in an investigation.
- should have detected unethical or unlawful behavior, or had the means in place to detect unethical or unlawful behavior, but don't.

Case Study: What's My Role?

Every other Friday, you and a group of your coworkers in Member Services get together for lunch at Sam's Sandwich Shop. It's an opportunity for everyone in the group to discuss any unique situations they've encountered with members on the phone and to get feedback on how they handled the call. No members' names are discussed. On many occasions during these discussions, your coworkers will mention that they've talked about their phone calls with their spouses or family members. You're not sure that they should be doing this.

What should you do?

Your first thought in this case might be to talk to your coworkers and remind them what the Corporate Privacy Policy says. The problem with that approach is that you have no way of knowing whether the practice is continuing. Your coworkers may merely stop talking about it in your presence. Because of the seriousness of the behavior, you need to let your supervisor know about it.

Where can I go for help?

We are committed to creating an environment where an employee feels comfortable speaking his or her mind, particularly with respect to ethics or compliance concerns. The most important thing to keep in mind when you have an issue or concern is to talk to someone who is in a position to help. We all benefit enormously when we take accountability to raise concerns or ask questions.

There's more than one person you can go to if you have a question or concern:

- Give your supervisor a chance to solve the problem. If your supervisor cannot resolve the issue to your satisfaction or you are not comfortable talking to your supervisor, contact your manager or another person in your management team.
- Contact any one of the ethics and compliance officers with any question or concern:

Idaho: Eddy Chapman
Phone: (208) 798-2122

Oregon: Jackie Yerby
Phone: (503) 226-8769

Utah: Randy Romrell
Phone: (801) 333-5691

Washington: Harry Carstens
Phone: (206) 464-3653

- For Medicare compliance questions, contact:

Annie Mockabee
Phone: (503) 375-4471

- Contact Human Resources with questions or concerns having to do with employee relations.
- Contact the Privacy Office with questions or concerns about privacy or the HIPAA Privacy Standards.

Chris Killgore-Lannan
Phone: (503) 525-6533

- Contact Internal Audit when your question or concern involves subjects that relate to accounting, internal controls or auditing matters.
- Report external issues, such as providers who are billing inappropriately or dependents who are not eligible, to the External Audit and Investigation Department, through the fraud and abuse referral form located in Lotus Notes under the department "Fraud and Abuse," or through the following hot line numbers:

Idaho: 1-800-323-1693

Oregon: 1-888-207-4211

Utah: 1-866-686-8555

Washington: 1-800-022-4325

Asuris: 1-800-434-2277

- Contact Legal whenever you need legal advice about company business.
- If you have a concern or complaint about an accounting, internal controls or auditing matter, you can also contact the Audit and Compliance Committee Chair of The Regence Group Board of Directors at 1-888-655-5452 or at auditchair@regence.com. Your phone call or e-mail will be routed directly to the Chair, who is an independent outside member of The Regence Group Board of Directors.

Can I keep this confidential?

We understand that confidentiality is important. We protect confidentiality whenever possible, but we can't guarantee it. Sometimes it is impossible to investigate suspected misconduct without identifying the person who reported it.

If a concern about confidentiality is holding you back from raising a concern or question or making a report, ask yourself what is worse – talking to someone who can help you or not saying anything and living with the problem? If you're trying to decide between those two, then it's time to talk to someone.

Can I make an anonymous report?

You always have the option to make an anonymous report.

One way would be to contact an ethics and compliance officer through one of the Ethics and Compliance Resource Lines. You may also use these phone numbers to make anonymous reports about a privacy concern or incident:

- Idaho: 1-800-438-1608
- Oregon: 1-800-308-1228
- Utah: 1-800-377-8446
- Washington: 1-888-809-2334

You may also contact the Audit and Compliance Committee Chair of The Regence Group Board of Directors at 1-888-655-5452 to make an anonymous report about accounting, internal controls or auditing matters.

The phone numbers in this section have no Caller ID associated with them and are truly anonymous. Another option for making an anonymous report would be to use the Ethics and Compliance Issue Reporting form. This form walks you through the kind of information that Regence needs to investigate reports of misconduct.

Whether you use the Ethics and Compliance Resource Line, the Audit and Compliance Committee Resource Line, the report form, or some other method to make an anonymous report, be sure to provide enough information about the situation to allow us to investigate it. Here's a list of the type of information that we're looking for:

- Describe the situation and business area involved (provide detail).
- Identify dates when events or incidents occurred, where they happened, and how (e.g., Was a procedure followed or not? Did a supervisor or manager give an instruction? Did a coworker or group of employees decide on an action?).
- Provide the names of individuals involved.
- Indicate whether you know about the situation from direct observations, or whether someone told you about it.
- List the names of other individuals who know about this situation.
- Describe relevant documents and identify their location.

We need enough information from you to be able to substantiate your report. Otherwise, we may not be able to take any action.

What happens when I make a report?

The response to any report ultimately depends on the circumstances. However, there are some things that are common to how we respond to all reports. When you make a report, we will listen to you and take you seriously.

A typical investigation includes:

- Interviews with the persons involved. This may require your cooperation in the investigation.
- Interviews with possible witnesses.
- Reviews of relevant documents, files, and printed material.
- A decision-making process to determine if the complaint or report is substantiated.
- Corrective action (up to and including termination), if appropriate.

What is Regence's policy on non-retaliation?

We understand how important it is to provide an environment where people feel as comfortable as possible in coming forward in good faith with ethics and compliance concerns

and questions. That's why Regence has no tolerance for retaliation. Claims of retaliation are investigated and appropriate action is taken.

This does not protect someone from corrective action if it turns out that he or she is involved in the reported wrongdoing or has acted unethically or unlawfully. If any employee knowingly makes a false report, the employee making the false report will be subject to disciplinary action.

Respect for others

Regence seeks to provide a work environment where the dignity of every individual is respected. In fact, our second operating principle is: "Treat each other and all those who serve our members with respect, dignity and trust." For more information refer to the Unlawful Discrimination, Unlawful Harassment, and Inappropriate Conduct standard in the Employee Handbook.

Fair dealing

Regence is committed to dealing fairly not only in the workplace, but with others with whom we have a business relationship. We must not take unfair advantage of anyone through any form of manipulation, concealment, abuse of privileged or confidential information, misrepresentation of facts or any other unfair dealing.

Recording and reporting information

We deal with important information every day. The company relies on all employees to make sure that company records are true, accurate and complete based on company policy and any applicable contractual, legal, and accounting standards.

We create, retain and dispose of our company records as part of our normal course of business in compliance with our Records Retention policy.

We must not improperly influence or manipulate any audit, nor interfere with or mislead any auditor engaged to perform an internal or independent audit of Regence.

Here are some examples of prohibited practices for recording and reporting information:

- Making or approving false or artificial entries in any company book or record or in any public record for any reason.
- Altering final entries on the company's records.
- Altering, destroying, mutilating, or concealing a record, document, or other object, or even attempting to do so, with the intent to impair the object's integrity or availability for use in an investigation or other official proceeding.

- Approving any company payment or receipt when any part of the amount is to be used for a purpose other than that described in the supporting documents.
- Creating or maintaining “slush funds” or similar off-book accounts when there is no accounting for receipts or expenditures on Regence’s books.
- Creating entries that show that payments were made to one person when in fact they were made to another.
- Submitting expense reports that are inaccurate, incomplete, and/or do not reflect the true nature of the expense. For more information refer to the Business Expense Reimbursement policy.
- Charging an expense to an account, project, or budget category other than the one for which it is incurred.
- Creating any other record or report for internal or external purposes that is intended to mislead.
- Knowingly and willfully making false statements or representations in connection with a claim submitted for reimbursement to a federal health care program, including the Federal Employee Program (FEP), Medicare, or Medicaid. For more information refer to the Code section on the [Federal False Claims Act.](#)

Case Study: Status report

You’re part of a team working on a status report on a project. The report will be delivered to senior management. Senior management is relying on the information provided in the report to make key strategic decisions. You’re concerned that the current draft of the report makes things look better than they really are.

What will you do? What accountability do you have in this situation?

Your accountability is to speak up. Address such issues with your supervisor or manager, as most problems can best be resolved at this level. If, for any reason, that is not possible or you feel uncomfortable doing so, you should contact an ethics and compliance officer. You can also choose to make an anonymous report.

Case Study: Outside auditors

Your team recently received notice that outside auditors are coming to review records from the past couple of years. For a long time, your department did something incorrectly. Several months ago, you fixed the problem and everything works as it should. You’re worried because the sample of records that the auditors have asked to see won’t show the significant improvements that you’ve made recently. If the auditors discover problems, there could be some stiff financial penalties. There’s even a possibility that people could lose their jobs.

What should you do?

The right thing to do is to provide the auditors with the information that they've requested, even if it makes us look bad. The truth of the matter is that for the period they are reviewing, we weren't doing a good job. You'll have the opportunity in the audit to talk with the auditors about the significant improvements that have been made since.

Consider what would happen if the auditors found out that things aren't as good as you made them seem. We would now have an even bigger problem because the company's reputation could be at stake. If this audit involved U.S. government auditors, our company, and you personally, could be subject to criminal and civil penalties and exclusion from government programs.

Respecting and protecting information and property

We respect our own property rights and those of others. There are different forms of property rights; for example, confidential and proprietary information, intellectual property (such as patents, trademarks, trade names, trade secrets, and copyrights), and third party software. See below for more information about these categories. When in doubt in this area, ask management, the Legal Department, or an ethics and compliance officer for guidance:

- Confidential and proprietary information

We will access or use Regence's confidential and proprietary non-public information only as necessary to conduct Regence's business. We will not use information for our personal advantage or for non-Regence business use. This standard also applies to accepting, using, or sharing confidential and proprietary information belonging to another party, unless we have specific authorization from that party, as confirmed by our Legal Department, to do so. Please see the Confidential Information section of the Electronic Communications Policy for additional detail.

- Business information

Regence business information is confidential and proprietary. It is information that could be useful to our competitors. As a Regence employee, you are entrusted with protecting the company's confidential and proprietary information. You may use this information only for legitimate company purposes. These are some examples of proprietary information:

- Member information
- Financial data and projected earnings
- Trends and experience data
- Business forecasts/strategies
- Sales figures
- Planned new projects
- Planned advertising programs
- Planned geographical expansion

- Lists of suppliers/members
- Wage and salary data
- Capital investment plans
- Provider contracts
- Marketing plans/strategies
- Changes in management
- Changes in company policies
- Testing data
- Processing methods
- Pricing information
- Product design and development
- Electronically-stored information

Here are basic guidelines for protecting the company's confidential and proprietary information:

- If you have access to confidential and proprietary information, discuss it with others in the company only on a need-to-know basis.
- Do not disclose confidential and proprietary information to an outside person or entity, unless you have the authority to do so.
- Do not disclose proprietary information in social conversations or in normal business dealings with individuals outside of the company.
- Make sure that you don't discuss confidential and proprietary information in a place where you might be overheard.

Consult with your management and the Legal Department or an ethics and compliance officer if you're uncertain about whether or not to disclose Regence confidential and proprietary information.

- Member information:

As part of your job, you may have access to our members' personal information. It's important that we live up to the trust that our members place in us. We are allowed to access only the minimum necessary personal information to do our jobs. Our members' personal information must not be accessed, used, or disclosed except as permitted by the Corporate Privacy Policy. We are not permitted to process or access our own claims or claims-related information or that of others with whom we have a close personal relationship, except that we are permitted to access claims information on The Engine in accordance with the online User Agreement.

Examples of member personal information include, but are not limited to:

- Name
- Health status
- Birth date
- Medical history
- Address
- Provider/facility information
- Telephone number
- Diagnosis codes
- Social Security number
- Medical claim information
- Financial/banking information
- Individually identifiable information

For more information refer to the Privacy intranet site.

- Employee information:

We must treat each other with respect, dignity and trust. If you have access to information about your fellow employees, don't reveal it to anyone except when necessary for legitimate business purposes. Confidential employee information includes information collected by Regence as your employer.

Confidential employee information includes, but is not limited to:

- Birth date
- Home telephone number
- Home address
- Social Security number
- Employment information
- Financial/banking information

Case Study: Confidential employee information

During a staff meeting last week, Janet, an employee in your department, announces she is getting married in a few months. She tells everyone that they are all invited and will be receiving an invitation soon; that is, if she can find everyone's addresses. You, as her supervisor, have access to the departmental call tree that contains home numbers and addresses for your employees so that you can contact them in case of an emergency. It has all the information Janet needs to address her invitations. This would make it so much easier for Janet.

Is this okay?

Regence has entrusted you with this information for business purposes only. It would not be appropriate for you to share that information for personal use.

- Intellectual property

Laws and regulations govern the rights to and protection of our own and others' copyrights, trademarks, patents, trade secrets and other forms of intellectual property. Regence acts affirmatively to protect such intellectual property, including creative works that are developed by individuals employed by or working on behalf of Regence that have commercial or intrinsic value to the company.

You are responsible for complying with the Regence Intellectual Property Security Policy, the purpose of which is to ensure that intellectual property produced by Regence will be adequately protected for the benefit of Regence. Remember that as an employee you have a strict obligation to keep Regence's intellectual property confidential and secure, and that obligation continues even after you leave Regence employment. For more information refer to the Intellectual Property Security Policy.

It may not always be apparent on the surface whether property is protected. Consult with the Legal Department before accepting, using, or sharing property that might possibly fall into this category.

- Third-party software

We use third-party software and related information only as permitted by software licenses. Don't make or use copies of non-licensed copyrighted material, including software, documentation, graphics, photographs, clip art, animation, movie/video clips, sound, and/or music.

Conflicts of interest

A conflict of interest is a situation in which your personal interests or activities could interfere with your ability to make fair and objective decisions when performing your duties at Regence. Avoid relationships and activities that could create or appear to create conflicts of interest.

It is not always easy to determine whether a situation might lead to a conflict of interest. Some of the more common situations that could lead to problems are listed below. If you have questions about a conflict of interest, you should talk with your management or with an ethics and compliance officer:

- Financial interests

Regence recognizes that you have the right to manage your personal finances without interference from the company. However, you and your family members must avoid any

situation in which your personal financial interest would be in direct conflict with your responsibilities to Regence. Examples of financial interests are:

- Stock ownership
- Partnership participation
- Management or employment
- Consulting agreements
- Other contractual arrangements

A good rule of thumb for determining if any of your personal financial interests might create a conflict of interest is to think in terms of how that financial interest might affect your decisions at Regence, or how Regence decisions might affect the value of your financial interest.

It is possible that a supplier could be so intricately linked with Regence, and that its financial situation is materially affected by decisions made at Regence, that it would be impossible to have a financial interest in that company without creating a conflict of interest or an appearance of a conflict. In such a case, you and your family members may not have any direct investment in that company while you are employed by Regence or are a member of the Regence Board of Directors or any of its controlled subsidiaries or affiliates. This does not include mutual funds or blind trusts where you do not make decisions about specific investments.

Here are more examples of potential conflicts:

- Direct or indirect financial interest (including employment or consultant agreements) in any outside concern doing business with or competing against Regence.
- Direct or indirect competition with Regence in buying or selling property or property rights.
- Representing Regence in any transaction in which you have a material financial interest.
- Using your knowledge of Regence business for your personal profit or to your advantage or to the advantage of anyone else.
- Taking personal advantage of an opportunity learned through your employment with Regence, such as acquiring property or leases in which Regence may be interested.

Consult with an ethics and compliance officer if you're not sure if your personal financial interests could create a conflict with the company's interests.

Disclose any financial interests that could create a conflict of interest or an appearance of a conflict of interest in your Conflict of Interest Disclosure Statement. Any time you are involved in decisions at Regence where your financial interests might affect or appear to affect your decision, you should also disclose that information to your supervisor, manager and others involved in the decision-making process.

- Loans to Directors and Officers

You may not use Regence's resources to extend or maintain credit, arrange for extensions of credit, or renew extensions of credit for any director or officer. Travel advances are acceptable.

- Outside employment

Sometimes outside employment could create a conflict of interest. Before taking outside employment review the Outside Employment policy in the Employee Handbook.

Outside employment that constitutes a conflict of interest is prohibited. Outside employment that may create a conflict of interest includes, but is not limited to:

- Employment with a Regence provider;
- Employment with a Regence supplier;
- Employment with a Regence competitor; and
- Job responsibilities that include health care billing or coding.

Disclose any outside employment in your Conflict of Interest Disclosure Statement.

- Outside activities

Avoid outside activities that may affect your ability to perform your job or impact the company's reputation or standing in the community. Regence reserves the right to decide whether an activity is harmful to the company, any of its employees, or the community.

If you seek to represent Regence publicly, get permission from the company to do so first. If you are speaking out about public issues, you must make it clear that you are representing your own opinions.

You may not use a company-sponsored event to promote your personal interests. For example, if you are part of a team representing the company in a community event, you may not carry signs or wear buttons promoting a different cause.

Case Study: Outside activities

Team Regence is supporting a fundraising event to raise money for important medical research. As is usual for an event like this, participating Regence employees will be wearing Team Regence T-shirts. Regence employees Terry and Lee who are concerned about animal welfare sign up to participate in the walk. While they walk they want to carry signs protesting use of animals in medical research.

Is this okay?

Although Regence respects all employees' rights to have their own opinions, it would not be appropriate for any employee to use a company-sponsored event to make statements about their personal causes. If these employees want to protest at the fundraiser, they cannot walk with Team Regence nor wear shirts identifying them as Regence employees.

Consult with your management or an ethics and compliance officer if you are considering an outside activity and you're unsure about the impact that it could have on your job. See also the section on Political Activity and Contributions.

Disclose any outside activities that could create a conflict of interest or an appearance of a conflict of interest in your Conflict of Interest Disclosure Statement.

- **Invitations and offers from third parties**

There are occasions when a third party might ask you to make a presentation, participate on a panel or focus group, complete a survey or participate in other such activities related to the work you do for Regence. The sponsors of these activities may offer to compensate you and/or reimburse your time or expenses, such as travel, meals, and lodging.

Under limited circumstances, your manager may approve a third party's offer to cover the costs of attending a conference or other event where you are a presenter. If you do speak at a conference or participate on a panel or focus group, you may not accept an honorarium or other fee. Any "thank you" gifts must meet the guidelines in the Code section on [Accepting Gifts](#).

Because such invitations and offers may have potential ethics or legal ramifications, managers must consult with an ethics and compliance officer before approving them.

If you are not sure whether an invitation or offer would be considered "related to the work you do for Regence," ask yourself the following questions:

- Was I asked to participate in the activity because of my position with Regence?
- Is the subject matter of the activity related to my job responsibilities with Regence?

- Will my participation in the activity create the appearance of a conflict of interest or impropriety because of my position with Regence?

You should seek additional guidance from an ethics and compliance officer if you are not sure whether a particular activity would be considered “related to the work you do for Regence,” or if you answered “yes” to any of the questions above.

You should never solicit third parties to pay for conference fees, travel, lodging, gifts and/or business entertainment.

This policy does not apply to occasions when you are asked to speak or participate in activities that are not related to Regence business. If your request to participate in a Company-related business activity has been denied, it would not be appropriate for you to engage in that activity on your own personal time.

Case Study: Completing a Survey

With my manager’s approval, I recently completed a survey related to the work I do at Regence. A few days after I completed the survey I received a nice thank you gift in the mail for completing the survey. I was not expecting this at all.

Can I keep it?

You may not accept any compensation, gifts or otherwise, for having completed the survey. You need to return the gift to the company explaining that you are not able to keep it.

- Use of company time and assets
Company assets are provided for company business use. Examples of company assets include but are not limited to:
 - Equipment
 - Employee time
 - Supplies
 - Money
 - Ideas
 - Strategies
 - Plans
 - Financial data
 - Intellectual property, and
 - Other information collected and retained by Regence or about Regence.

Your time on the job is a company asset and should be used only for company business. Talk with your supervisor and an ethics and compliance officer before performing outside work while on company time or on company property. Company equipment (such as telephones, computers, photocopiers, fax machines, etc.), materials, e-mail, Internet and other resources, or proprietary information may be used only as permitted by written company policies and guidelines.

Company assets may not be used to provide personal gain for anyone, whether or not they are associated with the company. Company assets may not be given away or sold without the approval of a director or above. If the company chooses to transfer an asset to you, a receipt or bill of sale must support the transfer. You never have the sole authority to transfer company assets to yourself, a family member or any other person or entity with which you have a relationship.

It's impossible to list all of the situations in which you might use or dispose of company assets. A good rule of thumb is to be a good steward and act in the best interest of the company.

- **Competing against the company**

Any organization that markets products or services that compete with Regence's current or potential products and services is considered to be a competitor. You may not assist a competitor, nor may you work for a competitor as an employee or a consultant or serve as a member on its board of directors.

You may not commercially market products or services that compete with the company's current or potential product offerings. Marketing activities are considered "commercial" if you receive direct or indirect compensation of any kind.

Consult with your management and an ethics and compliance officer before you pursue any activity that might create a conflict of interest with the company.

Disclose any activity that might create a conflict of interest with the company in your Conflict of Interest Disclosure Statement.

Case Study: Selling life insurance

Mark is a pharmacy services specialist for Regence. His friend, Carl, sells life insurance on a part-time basis. Carl says, "It's a great way to earn extra money. You set your own hours, and you can work as much or as little as you want." Mark is thinking about giving it a try.

Is this okay?

No, it is not okay. It is generally a conflict of interest for Regence employees to sell life and health insurance products other than Regence products. Regence has a subsidiary, Regence Life and Health, that sells life and health insurance.

- Supplying the company

A “supplier” is a person or entity that supplies goods or services to the Company. It also includes persons or entities that represent a Regence supplier.

Regence strives to select suppliers objectively and fairly and in the best interests of the company.

Disclose any relationship with a supplier that could create a conflict of interest or an appearance of a conflict of interest in your Conflict of Interest Disclosure Statement. Any time you are involved in decisions at Regence where your relationship with a supplier might affect or appear to affect your decision, you should also disclose that information to your supervisor, manager and others involved in the decision-making process.

Generally, activities related to supplier selection and contracting for the purchase of goods or services are managed through the Regence Procurement Department. Contact Procurement if you intend to make any changes to existing supplier agreements.

- Working in the health care industry

You may find yourself in a situation where a competitor or supplier of the company employs your spouse or someone with whom you are closely connected, such as a close friend or family member. The closeness of the relationship might lead you to compromise the company’s interests, such as by accidentally disclosing sensitive company information. Such situations call for extra sensitivity to security, confidentiality and conflicts of interest.

There are several things to consider in assessing a situation in which someone close to you works in the industry. Among them:

- The relationship between Regence and the other company,
- The nature of your responsibilities as a Regence employee and those of the person close to you to his or her company, and
- The access each of you has to your respective employer’s confidential and proprietary information.

If in doubt, discuss your specific situation with your management and an ethics and compliance officer to assess the nature and extent of any conflict of interest and how it can be resolved.

Disclose any instances in which a member of your family or household or someone close to you works in the health care industry in the Conflict of Interest Disclosure Statement.

Case Study: Working in the health care industry – providing patient care

Jan is an oncology nurse at a major regional medical center. She has been considering a career change, so she applied for a position with Regence as a case manager. She doesn't want to give up patient care entirely, however, and during her interview she asked if it would be permissible for her to continue to work some weekend shifts at the medical center.

Is this okay?

It is generally a conflict of interest for Regence employees to also work for a provider. However, it is usually okay for nurses who are employed by Regence to also have outside employment in a patient care setting. A nurse's scope of practice does not usually include directing patient care. Nor do nurses typically become involved in billing functions. Any employee who has or is considering outside employment should read the Outside Employment Policy in the Employee Handbook.

Case study: Working in the health care industry – working in a provider's office

Kim worked in a provider's office before taking a job as a customer service specialist at Regence. Yesterday her former employer called and asked if she would be willing to work part time for a couple of months because the new office manager is on maternity leave. The job would involve working a few hours on Saturdays to reconcile insurance reimbursements. Kim is especially qualified because she could help troubleshoot any billings that are denied by the insurer.

Is this okay?

It is generally a conflict of interest for Regence employees to also work for a provider. It is never okay for any Regence employee to also have outside employment that is involved in any way with provider billing functions.

Case study: Working in the health care industry – working in an agent's office

You're a sales specialist in the Sales Department. Part of your job responsibilities includes assisting agents with questions about individual and group renewals. You really like working with Drew because he is always friendly. One day, Drew comes into the office to drop off some information about a recent renewal. He shares with you that one of his part-time employees recently left, and he is looking for a replacement. You've been thinking about getting a part-time job.

Would working for an agent be a conflict of interest?

Yes. Drew is an appointed agent for Regence, but there could be times when Regence's interests and Drew's interests are in conflict. In addition, it's important to consider how working for Drew would appear to others. Could you be objective and fair in your interactions with him as a Regence employee? Would others perceive that Drew is getting special consideration from Regence because you work for him part time?

- Gifts and entertainment

Gifts and entertainment are two areas that can easily create an appearance of improper influence. Therefore, you must always exercise good judgment, discretion and moderation when accepting gifts or entertainment.

1. Accepting Gifts

It is a gift if you receive an object or a service you don't pay for, or for which you pay less than fair market value. Common examples are shirts, hats, gift cards, tickets to cultural or sporting events and small promotional items such as coffee mugs, pens, etc.

The following are not considered gifts for the purposes of this Code: door prizes, raffle winnings, or rewards or prizes given to competitors in contests or events which are won on skill or merit. Keep in mind that, although an item may not be considered a gift for purposes of this Code, you may not accept it if it violates another Code section, e.g., Conflicts of Interest.

Neither you nor your family members may accept a gift if it might influence your business decisions at Regence, no matter what the value of the gift.

You may not accept incentives that are intended to influence you or may have the effect of influencing you to choose a specific supplier. Please see the case study on [Incentives](#).

If you determine that the gift being offered will not influence your decisions, then the following standards apply:

- A gift must be reasonable and moderate in the context in which it is being offered.
- Never accept cash or a cash equivalent, such as a check, money order or gift card issued by a bank or other financial services institution.
- Never ask an external business partner to provide a gift.
- Never accept a gift as part of a business negotiation.

- Never agree to do anything in exchange for a gift.
- Never accept a gift if it will compromise your objectivity.
- Never accept a gift valued at more than \$200, and the value of all gifts received from any one source in any 12-month period may not exceed \$400.

Your management in consultation with an ethics and compliance officer must approve exceptions to these standards.

Some departments may have policies for accepting gifts that set stricter limits than those described here. If you work in such a department, follow your department's policies and procedures.

Contact an ethics and compliance officer with any questions about accepting gifts.

2. Accepting business entertainment

Regence recognizes that business entertainment may occasionally be appropriate in building and maintaining effective relationships with members and external business partners. Common examples of business entertainment are meals, tickets to cultural or sporting events, golf, spa services, parties, etc. A general rule of thumb is that business entertainment is any event where business is discussed but where it is apparent that the event is not intended solely as a business meeting.

The following standards apply when accepting business entertainment:

- The person offering the business entertainment must participate in the activity. If not, the entertainment is a gift and is subject to the gift standards.
- Business entertainment must have a business purpose that provides a benefit to Regence.
- All costs related to business entertainment must be reasonable and moderate.
- Never ask an external business partner to provide business entertainment.
- Never offer or accept business entertainment that is primarily intended to gain favor or influence.
- Never accept business entertainment if it will compromise your objectivity.

Please contact an ethics and compliance officer with any question you may have about business entertainment.

3. Special rules for government program employees

Special rules apply to gifts and entertainment for employees who work on government programs. See the [Government Programs](#) section for more information about the standards that apply to these programs.

- Conflict of interest disclosure

All employees are required to complete a Conflict of Interest Disclosure Statement by the due date indicated in their annual notice. All new employees are also required to complete a Conflict of Interest Disclosure Statement by the due date indicated in their notice.

Contact an ethics and compliance officer at any time when your circumstances change and your Conflict of Interest Disclosure Statement needs to be updated.

Business relationships

Our company wins and keeps business because of the value and quality of our products and services and the respect and confidence we earn from our members and business partners. Who we choose as external business partners affects the value and quality of our products and the service we are able to provide. That is why we partner with those who share our values and ethical standards

We also select business partners who will provide goods and services that best meet our company's needs. Factors we consider are cost, quality, value, service and the ability to carry through with commitments.

In some instances we might enter into a business relationship where we authorize someone to conduct business on our behalf, as though they were us. In those cases, we take care to engage only those individuals or entities that will comply with our Code of Business Conduct and our high ethical standards. Here is some information about the standards that apply to our business relationships:

- Relationships with members

We will develop a lifetime relationship with our members and their families. To accomplish that, we seek to:

- Treat our members honestly, fairly, and courteously.
- Attempt in good faith to determine and satisfy the needs of our members.
- Accurately represent the character, price, quality, or properties of the company's products, and not misrepresent those of our competitors.

- Live up to our legal and ethical obligations to our members and respond to our members' complaints promptly.
- Relationships with suppliers
We choose to partner with suppliers who offer us the best value in terms of quality and price. That is why we:
 - Do not show favoritism in whom we invite to bid on projects.
 - Choose suppliers that share our values and ethical standards.
 - Treat suppliers honestly, fairly and courteously.
 - Do not share information provided by one supplier (e.g., price, terms or conditions) with another supplier.
 - Weigh all the facts impartially and objectively when selecting among competing suppliers, regardless of the size of the service or order.
 - Select the supplier that will best serve our company's needs and interests, without regard to any personal relationships or personal interests.

Case Study: Incentives

A nearby hotel has offered an incentive for sending more business their way. For every \$500 Regence spends at the hotel, the Regence employee making the arrangement will receive a \$25 store gift card. It's a nice hotel and we have a good relationship with them. They do a good job on meetings we hold there.

Is it okay to accept the gift cards?

You may not personally accept the \$25 gift card. You can choose to hold your meetings at this hotel if it best meets the needs of the company. Decisions to do business with any supplier should be made without regard to any personal relationships or personal interests. The \$25 gift card creates the appearance that personal interests are also factoring into the decision to choose this hotel over another one.

- Offering Gifts
It's important to our good name that we avoid doing anything that may create a perception that we are trying to inappropriately influence another party. Additionally, the following standards apply when offering a gift:
 - It does not violate any law or regulation or the standards of conduct of the recipient's organization.
 - It is reasonable and moderate in the context in which it is being offered.
 - It is not given to influence a business decision, no matter what the value of the gift.
 - It does not consist of cash or a cash equivalent, such as a check, money order or gift card issued by a bank or other financial services institution.

- It is not offered as part of a business negotiation.
- Its value does not exceed \$200, and the value of all gifts offered to any one recipient in any 12-month period does not exceed \$400.

Your management in consultation with an ethics and compliance officer must approve any exceptions to these standards.

Please contact an ethics and compliance officer with any questions about accepting gifts.

- Offering business entertainment

Regence recognizes that business entertainment may occasionally be appropriate in building and maintaining effective relationships with members and external business partners. Common examples of business entertainment are meals, tickets to cultural or sporting events, golf, spa services, parties, etc. A general rule of thumb is that business entertainment is any event where business is discussed but where it is apparent that the event is not intended solely as a business meeting.

The following standards apply:

- The person offering the business entertainment must participate in the activity.
- Business entertainment must have a business purpose that provides a benefit to Regence.
- All costs related to the business entertainment must be reasonable and moderate.
- Business entertainment should focus on relationship-building and not create undue influence, establish an expectation for repayment, or compromise the recipient's objectivity.

Please contact an ethics and compliance officer with any questions about accepting business entertainment.

- Special rules for government program employees

Special rules apply to gifts and entertainment for employees who work on government programs. See the [Government Programs](#) section for more information about the standards that apply to these programs.

- Do not misrepresent

We will:

- Ensure that information we give to others is truthful, accurate, and free from false claims, and

- Promptly correct or clarify information we believe another person may have misunderstood.
 - Clear communication based on honesty is integral to sound, lasting business relationships.
- Payments to agents, brokers or consultants
Contracts with agents, brokers and consultants must be in writing in a company-approved form and must clearly and accurately describe the services to be performed, the basis for earning payment, and the rate or fee. Payment must be appropriate to the value of the services rendered and reasonable in view of the practice in the industry or trade. The agent, broker or consultant must be told that the contract may be publicly disclosed and must agree to such disclosure.

Case Study: Retroactive Commission Payment

Increasing the number of large groups sold is one of our company's key goals for this year. Recently, Bill Broker sold a large group for our company. In processing the paperwork for Bill's commission, you learned that he's not appointed by Regence to sell our products. You also found out that he's not even licensed to sell health insurance.

When you asked, you were told that he's been appointed retroactively and that he's working on getting his license updated by the state.

What should you do?

State laws require that agents must be appointed by us and have the appropriate licenses before they can sell our products. Paying the commission retroactively could require you to create a misleading record and that isn't the right thing to do.

Case Study: "Consulting Fees"

Arthur Agent has sold a lot of business for Regence. He's been hinting that he thinks we should pay him a higher percentage commission than our other agents and just increase the groups' rates to cover it. Alternatively, he's suggested that we could pay him the higher commission in "consulting fees." He's implied that this is common practice and that our company has even done it in the past. You're worried that if you don't play ball, he'll take his business elsewhere.

What should you do? What Arthur Agent is asking you to do is unethical and very possibly illegal. There are strict laws governing commissions that Regence must follow. Paying all or some of the increased commissions in the form of "consulting fees" is creating a misleading record and could result in disciplinary action against you, not to mention possible criminal prosecution if laws are broken.

Please discuss this situation with your manager. In instances where the broker is asking for something unethical or illegal your management needs to know so that they can make appropriate decisions about the appointment. Depending on the circumstances, sales management might pull the appointment.

- Bribes, kickbacks and similar improper payments

You may not pay a bribe, kickback or any similar improper payment to any person or entity for any reason. Such payments are also improper if they are made by a commissioned agent, consultant or other third party on behalf of Regence.

This same standard applies to any business we might conduct in a foreign country or with a foreign entity, even if such payments might be customary or legal in that country. For example, any payment to a foreign government official for the purpose of obtaining or maintaining business or other business advantage is not allowed.

Further, you may not give or accept kickbacks or rebates from the purchase or sale of goods or services on behalf of Regence. Illegal “kickbacks” or “rebates” take many forms and are not limited to cash or credit. In general, you may not accept favors or incentives from potential business partners in exchange for your business decisions, nor may you offer favors or incentives to potential customers in return for business. These practices are not only unethical, but are often illegal as well. You cannot use anyone outside of Regence to circumvent this policy.

Consult the Legal Department or an ethics and compliance officer if you have questions in this area.

- Reciprocity

Many of the suppliers who sell goods or services to Regence also buy health care coverage from us. It's okay for Regence to purchase from these suppliers, provided their prices or bids are competitive with suppliers who do not purchase our products. You may not require a supplier to buy coverage as a condition to becoming or continuing to be a supplier to the company.

- Insider trading

In the course of your job, you might learn of non-public information about a publicly traded company that Regence does business with. There are laws that govern what you can do with inside information, such as sharing it with others or making personal financial decisions. You are responsible for knowing, understanding and abiding by those laws so that you can avoid severe penalties.

Fraud

Fraud occurs when someone uses deception to obtain an advantage or avoid a loss or obligation. It can happen inside or outside the company, and it can involve anyone: members, providers, employees, contractors, groups, agents, or suppliers.

Examples:

- Employees, contractors, or suppliers who misrepresent the status of a project.
- Providers who bill inappropriately.
- Employees who obtain confidential information about members or colleagues to use for unauthorized purposes.

When fraudulent behavior impacts Regence, we need to know about it so we can take steps to address it. Report external issues (such as providers who are billing inappropriately) to the External Audit and Investigation Department. Report internal fraud issues to Ethics and Compliance. If you are not sure whom to call, [contact](#) an ethics and compliance officer.

Government Programs

As a company we follow the rules about gratuities, compliance, and other business relationships that affect the government programs we support. Examples of government programs include:

- Federal Employee Health Benefits Program (FEP)
- Medicare
- Medicaid
- TriCare
- Other state or federal programs

Here are some things you need to know about our government programs responsibilities:

- Government programs employees or contractors
Regence uses discretion in affiliating or contracting with individuals or entities. The company may not hire, or contract with, an individual or entity excluded by the government from participating in government programs, unless there is a limited exception to the government's rules. Check with Human Resources or an ethics and compliance officer to determine whether an individual or entity has been excluded from participating in government programs.
- Employment of government personnel
There are laws and regulations that govern recruiting and hiring government personnel, referred to as "revolving door" rules. These rules apply to personnel hired by the

company, as well as the company's agents, contractors and consultants. Consult with an ethics and compliance officer and Human Resources before discussing employment with any government employee.

- Proposals, budgets, and other reports and records

Proposals, budgets and other important reports and records that the company furnishes to the government impose significant record keeping and other obligations on the company and our personnel. Regence requires complete, accurate and reliable proposals, books and records regarding our government programs. As such, we exercise great care in preparing and submitting documentation to the government. Misconduct with regard to reports that go to the government, or services performed on behalf of the government, can result in fines or penalties against the company or the individuals involved.

- Charging of labor and other costs

We exercise great care in reporting costs and entering time reports that are timely, accurate and complete. Managers who approve time reports must also use care to ensure the timeliness and accuracy of employees' time reports. This is particularly true of employees who work on FEP, Medicare, or other government contracts. For direct-charge work, only work that is actually performed on that government contract may be charged to that contract. Similarly, indirect charges must be proper and accurate. Overtime should be charged only when it is performed. In addition, no cost may be charged or allocated to a government contract if it is unallowable or inapplicable by law, regulation, or contract provision or if it is otherwise improperly claimed. Employees' and managers' signatures or electronic authentication of time sheets are examples of reports that are used by the company to bill its services to the government and must be completed honestly and accurately.

- Accepting gifts or business entertainment

Regence employees working on government programs may not accept gifts, monetary or non-monetary, from government officials, suppliers, or members of the programs.

To avoid potential violations of federal or state anti-kickback statutes, you must never request or receive anything of value from a supplier, provider, member or beneficiary in return for payment under a government program or preferred treatment by the government. Consult an ethics and compliance officer if you have a question about these standards.

- Offering gifts or business entertainment to government employees

There are specific laws and regulations that apply to offering gifts to government officials or employees. These laws, rules and regulations are very complex and can differ among different branches, agencies, states and jurisdictions. You may never offer or give a gift to a government employee unless the rules that apply to that employee permit the employee

to accept business gifts. Contact an ethics and compliance officer if you are unsure of the rules that might apply to a government employee.

- **Federal False Claims Act**

The federal False Claims Act (FCA) forbids knowingly and willfully making false statements or representations made in connection with a claim submitted for reimbursement to a federal health care program, including the Federal Employee Program (FEP), Medicare or Medicaid. The FCA applies to those who have actual knowledge of the falsity of the information, as well as those who act in deliberate ignorance or in reckless disregard of the truth or falsity of the information. Examples include submitting a Medicare claim for a service that was not rendered, billing multiple payers for the same Medicare service, or submitting inaccurate cost reports to a federal program.

All employees, management, contingent workers, subcontractors and agents of Regence are prohibited from engaging in any conduct that would violate the False Claims Act. All employees, management, contingent workers, subcontractors and agents of Regence should be aware of the laws regarding fraud and abuse and false claims, and should report any false claims issues immediately. You can find contact information in the Code section on [“Where can I go for help?”](#)

The federal False Claims Act protects employees from retaliation if they, in good faith, report suspected fraud against federal programs. This does not insulate the reporter from disciplinary action if he or she is involved in the wrongdoing or has acted unlawfully.

You are not required to report a possible False Claims Act violation to Regence first. You may report directly to the U.S. Department of Justice. The FCA includes a provision that allows someone with actual knowledge of alleged FCA violations to file suit on the federal government's behalf. Refer to the Federal False Claims Act policy for additional information.

Political activity and contributions

It's your individual right to vote and be active in the political process. However, when acting on behalf of Regence, here are some things to keep in mind:

- Do not conduct any political activity (including making any expenditure) on behalf of the Company without prior approval of the Plan President or Director of Legislative and Regulatory Affairs. This includes attending events, volunteering, and contributing to candidates, political parties, and Political Action Committees (PAC) when done on behalf of the Company.

- Do not make representations on behalf of the Company regarding political or public policy initiatives without prior approval of the Plan President or Director of Legislative and Regulatory Affairs. See the Conflict of Interest section on [Outside Activities](#).
- As an active participant in the political process, Regence may support or oppose legislation or political candidates. Sometimes Regence may invite candidates to voluntary meetings so employees who choose to attend can have opportunities to meet and question them. Except as authorized by the Legislative and Regulatory Affairs Department, however, employees should not use company property, facilities or employee time to support or oppose a political cause or candidate. This would include employees having other employees send invitations to political fundraisers, using company phones to make political solicitations, loaning company property to a political campaign, or allowing a candidate to hold political meetings in company offices.
- It is unlawful to use company money in connection with federal elections, except as allowed under a narrow exception for PAC activity.
- The company sponsors a PAC for federal elections. Check with the Legislative and Regulatory Affairs Department or an ethics and compliance officer if you have any questions about political expenditures.

Cooperating with the government

Regence will cooperate with all reasonable governmental requests for information. If you receive a governmental request for information, contact your manager, an ethics and compliance officer or the Legal Department immediately so that the company can follow proper procedures in responding.

If you are approached by any person who identifies him or herself as a government investigator, contact your manager, an ethics and compliance officer or the Legal Department immediately so that the company can assist you in following proper procedures for cooperating with the investigation.

Note for management

Management, if you are notified that there is a governmental information request or investigation, contact an ethics and compliance officer or the Legal Department immediately for assistance in following proper procedures for cooperating with the request or the investigation.

In fulfilling governmental requests, it is very important that we show respect for government officials and provide accurate and complete information. In no circumstances should any

Regence employee ever obstruct, influence or impede any investigation or other official proceeding.

Legal Notice

The Code is meant to be read in conjunction with other company policies and procedures, including those found in the Employee Handbook, and any other company manuals, instructions, and directions applicable to particular job functions.

Nothing in the Code creates a contract between the company and any employee or the company and any other person, creates legally enforceable rights, or promises specific treatment in certain situations. The Code does not modify your at-will employment relationship with the company.

Regence reserves the right to modify the Code at any time it deems appropriate. The most current version of the Code of Business Conduct is always available on the Regence Intranet.

If you have any questions about the Code of Business Conduct, please contact an ethics and compliance officer.