



COMPASSSM

Charting the course for business conduct



CompassSM Booklet

How we conduct *ourselves* reflects who we are as a company.



**BlueCross BlueShield
of Florida**

An Independent Licensee of the
Blue Cross and Blue Shield Association.
Serving Residents and Businesses of Florida.

A message from Dr. Bob Lufrano, our Chairman and CEO

Dear Colleagues:

Throughout our history, Blue Cross and Blue Shield of Florida has maintained a solid commitment to ethics and compliance with all laws. The way we conduct business is guided by our strong values and demanding ethical standards for honesty, fairness and integrity. Living this commitment through our behaviors in our daily work provides significant benefits for the company, for our customers and for you.

The Compass ProgramSM was specifically developed to educate anyone representing our organization – employees, temporaries, contractors, board members – on the legal requirements and ethical rules which apply to BCBSF's business, including federal and state laws and regulations, as well as related accreditation requirements.

The Compass Program remains the cornerstone of our commitment to ethics and compliance, so please familiarize yourself with the information contained in this booklet. The information presented provides a comprehensive foundation for understanding the compliance issues we face and the ethical standards under which we operate. Because laws and regulations change rapidly, we strongly encourage you to read the booklet carefully, as it has been significantly updated.

Having a good understanding and embracing the principles of the Compass Program are critical to our company's success. If we exemplify the highest standards of ethical behavior, we can all play a role in adding value to the organization and our customers while supporting our Mission of providing health care solutions that improve the lives of all Floridians.

Thank you for a job well done and for your commitment to Blue Cross and Blue Shield of Florida and the more than 8.8 million Floridians we serve.

Cordially,



Chairman and Chief Executive Officer





OUR COMPANY	5
Introduction.....	5
Corporate Values.....	5
Compliance and Ethics.....	5
Our Ethical Decision Making Framework.....	6
Management and Individual Responsibility.....	6
We Won't Tolerate Retaliation.....	7
CONFLICTS OF INTEREST	8
Conflicts of Interest.....	8
BUSINESS WITH GOVERNMENT EMPLOYEES AND LOBBYISTS	9
Government and Competitive Information.....	9
Government Business: Submitting Data, Documents and Other Information to the Government.....	9
Gratuities and Government Employees.....	9
LOBBYING	10
Florida Lobbying Expenditures.....	10
General Guidelines to Follow Before Offering Any Gift or Gratuity to Any Government Employees.....	11
Employment of Government Officials or Employees.....	11
GIFTS, ENTERTAINMENT AND BUSINESS AND TRAVEL EXPENSES	12
Receipt of Gifts.....	12
Bribes, Kickbacks, Gifts, Gratuities and Entertainment in Business.....	12
Travel.....	13
MARKET ALLOCATION AND OTHER AGREEMENTS	14
Receipt of Kickbacks and/or Rebates.....	14
Other Improper Payments.....	14
Antitrust.....	14
Insider Trading and Self-Dealing.....	15
Restraining Trade.....	15
Price Fixing.....	15
Use of Size, Market Position or Purchasing Power.....	16
Communications with Competitors and Participation in Surveys.....	16
Advertising.....	16
Mergers and Acquisitions.....	17
State Antitrust and Unfair Competition Laws.....	17
FINANCIAL INTEGRITY AND ACCURATE COMPANY RECORDS	18
Accurate Record Keeping.....	18
Responses to Auditors.....	19
Fraud, Waste and Abuse.....	19
Procurement of Goods and Services.....	19
INTERACTIONS WITH THE PUBLIC	20
Political Activity and Contributions.....	20
Charitable Activity and Contributions.....	21
Specific Guidelines Regarding Direct Requests for Information.....	21
SAFEGUARDING INFORMATION	22
Information.....	22
Reporting of Privacy Disclosures.....	23
Confidential, Proprietary and Private Information.....	23
Statement Regarding Confidential and Proprietary Information.....	25



Reporting of Security Incidents	25
Retention of Records	26
COMPUTER DATA AND PROGRAMS	27
Computer Software	27
Corporate Information Security	27
USER-ID	27
COMPANY, EMPLOYEE AND COMMUNITY RELATIONSHIPS	28
Employee Data	28
Verification of Employment	28
Loans to Officers and Directors	28
Equal Employment Opportunities	28
Standard of Conduct	29
Use of Corporate Assets	29
Internet and Email Usage	30
Solicitation and/or Distribution of Literature	30
Substance Abuse	30
Weapons or Firearms	31
Work Related Charges or Indictments	32
Arrests on Company Property or While on Company Business	32
Safety and Health	32
Corporate Contracting	32
ATTACHMENTS	33
CORPORATE COMPLIANCE AND ETHICS PROGRAM DESCRIPTION	33
POLICY REPOSITORY	33



OUR COMPANY

Introduction

Blue Cross and Blue Shield of Florida and its subsidiary companies, (referred to hereafter as BCBSF or the company) has a long-standing and deep commitment to conducting business ethically, with integrity and in compliance with applicable law. On Nov. 12, 1993, the BCBSF board of directors adopted policies governing the conduct of the company's directors, officers and employees. This board resolution led to the establishment of the Compass ProgramSM, BCBSF's compliance and ethics program. The Compass ProgramSM is designed to educate all BCBSF directors, officers, employees, temporaries, contractors, consultants and representatives of BCBSF (referred to hereafter as employees) on the applicable legal requirements (including federal and state laws/regulations) and ethical rules which apply to BCBSF's business, raise awareness of questionable conduct, monitor compliance and provide effective mechanisms for reporting suspected violations.

Corporate Values

The board of directors adopted a company-wide Beliefs and Values Statement in July 2001. We have adopted this statement as our corporate mission. A mission sets forth the purpose of an organization; it answers the question "Why are we here?" Paraphrased, our mission is to be a community-driven, customer-focused organization:

- Committed to the public good;
- Advancing the health and well-being of Floridians;
- Working for an excellent, efficient health system;
- Providing affordable products and services; and
- Helping the state find solutions for the uninsured and underinsured.

As an independent, policyholder-owned Blue Plan, we have a unique role in advancing the health and well being of Florida's citizens. We will go beyond the traditional role of an insurer by promoting health and wellness programs for the general public through community giving and volunteerism. We are committed to the following values:

- Customers, are our reason for being
- Employees, our most valued resource for our customers;
- Performance-based
- Open, honest, ethical, respectful
- Diverse and culturally competent
- Participative, team based, individual excellence
- Learning organization, continuous improvement, speed to market;
- Relationship-based
- Balance: family, health, work

Compliance and Ethics

BCBSF conducts business ethically, honestly and in compliance with the law. Sometimes we cannot rely solely on laws to help us determine right and wrong. Laws do not cover some situations, and sometimes laws will permit actions that don't promote the level of honesty, fairness or integrity that the company promotes. BCBSF expects you will always conduct yourself in a manner that promotes the safety and welfare of employees and our customers and, encourages a cooperative professional work environment, protects personal rights and corporate property and demonstrates the highest standard of ethics. It is your responsibility to



make yourself familiar with this booklet and with the policies and procedures of BCBSF. Remember that this booklet is a guide and the policies and procedures of BCBSF take precedent.

Our Ethical Decision Making Framework

There may be times when you have questions or concerns about whether an action or situation is inappropriate. Asking yourself the following questions might help you resolve the issue or decide what further action you should take. If you need help applying the framework please contact the Corporate Ethics and Compliance Office.

- What doesn't feel right about this situation?
 - Is this a compliance issue?
 - Is this against a company policy/procedure or the law?
 - Is it an ethical issue or situation?
 - Does this situation raise questions about honesty, fairness or integrity?
 - Does this situation violate a professional code of ethics (i.e. Certified Compliance Professional, Certified Internal Auditor, Certified Public Accountant, Registered Nurse, Medical Doctor, etc.)?
- Who is affected by this situation?
 - Are our customers affected?
 - How will I be affected?
 - Could I feel a sense of pride if I shared this situation with my family or my colleagues?
 - How is the company affected?
 - If this situation was made public, could it be viewed as the "wrong decision?"
- What do others think about this situation?
 - To whom can I turn for advice?
 - Are there any alternatives that do not pose a question of ethics?

Management and Individual Responsibility

No BCBSF employee should ever be expected, encouraged or allowed to violate any law, and no employee should ever believe that breaking the law in an attempt to help BCBSF is an indication of loyalty. To the contrary, the greatest loyalty that an employee can demonstrate to BCBSF is unfailing attention and adherence to the laws of the land.

As an employee, you have the right and the responsibility to question or challenge situations in which you suspect something unethical or illegal is occurring or has occurred. You also have the obligation to report these items. The company is committed to reviewing your concerns and addressing them as appropriate. Issues that are found to have merit lead to measures such as change in business processes, coaching, suspension, demotion, termination of employment or legal action. The company won't know about a situation unless you tell someone. If you are aware of issues and don't report them, it could result in the same measures listed above. If you do report suspected misconduct, you have an obligation to cooperate in investigating the matter.

BCBSF is committed to providing ways you can report situations without fear of reprisal. You should first discuss the situation with your immediate supervisor. Give your supervisor the opportunity to address the situation. If the situation is not handled to your satisfaction or you are not comfortable talking to your supervisor, try talking to your manager. If you still are not satisfied or are uncomfortable talking to your manager you may contact the Corporate Compliance and Ethics Office. Please contact:



- **Edward J. Garcia, Corporate Compliance Officer ((904) 905-8750, (58750),**
- **Pauline Rosenberg, Director for Corporate Compliance and Ethics and Privacy Official (904) 905-5025, (55025),**
- **Jean Butler, Senior Manager for Corporate Compliance and Ethics (904) 905-7115, (57115), or**
- **Karen Gray, Senior Manager for Corporate Compliance and Ethics (904) 905-4264, (54264)**

You may also contact the Legal Affairs Division or an Employee Relations Consultant.

If you wish to remain anonymous, you may contact the Corporate Compliance and Ethics Office through the CompassSM Helpline 800-477-3736 x56300 (internally x56300) or you can access EthicsPoint from home using the link on the Employee Internet Web site.

We understand many people prefer their communication with the Corporate Compliance and Ethics Office remain confidential. Although we will try to protect your confidentiality, we cannot guarantee it. Sometimes it is impossible to investigate situations without involving you. We believe it is better to come forward than to let the situation continue. BCBSF has a non-retaliation policy to protect you.

If you choose to make an anonymous report, you should provide enough information about the situation to allow the company to properly investigate it. It can hamper our investigation if we do not have enough information to investigate the report. It also prevents us from notifying you when we have completed our investigation and taken appropriate action. Here is a guide to help you in the event you choose to make an anonymous report.

- Describe the situation in detail and include the business area and people involved.
- Identify dates when events occurred.
- Let us know if you observed this directly or someone told you about it.
- Tell us how the situation occurred (Was a procedure not followed? Was someone told to do something inappropriate?)
- Describe any relevant documents that could help.

The company will make every attempt to investigate situations reported. If you don't provide enough information in your anonymous report, it may limit our ability to review it that could in turn, result in our inability to take action. We must be able to substantiate allegations before taking action on a situation.

We Won't Tolerate Retaliation

Reporting situations that may violate the compliance program is vital to the success of the Compass ProgramSM. BCBSF will not tolerate retaliation for reports of suspected wrongdoing if you act in good faith. Allegations of retaliation will be investigated. Retaliation for good faith reports of suspected wrongdoing will result in corrective action up to and including termination. If you suspect you or someone you know has been retaliated against for raising a situation, immediately contact the Corporate Compliance and Ethics Office or an Employee Relations Consultant.

Keep in mind acting in bad faith, such as intentionally reporting a false allegation, violates the Compass ProgramSM and is subject to disciplinary action, up to and including termination.



CONFLICTS OF INTEREST

Question:

I am a customer service representative and have an opportunity to moonlight in the billing department of a large physician group. Can I take the job?

Answer:

Generally, it is acceptable to do this, but you will need to check with Corporate Compliance & Ethics Office or Legal Affairs Division. There are certain guidelines that should be followed.

Question:

My spouse works for a vendor providing services to BCBSF. Should I report this?

Answer:

Yes. You should disclose this on your Conflict of Interest Form.

Conflicts of Interest

As a BCBSF employee, you may be confronted with a situation where a spouse or significant other, another member of your immediate family, or someone close to you is a competitor, supplier, or provider of medical services or products to BCBSF or employed by a business partner, competitor, provider or supplier to BCBSF. The closeness of the relationship might lead an employee to inadvertently compromise BCBSF's interests. A situation, however harmless it may appear to you, could raise suspicion among other employees or outsiders that might affect working relationships. The very appearance of a conflict of interest can create problems regardless of the behavior or intentions of the BCBSF employee.

Upon being hired and in the annual Conflict of Interest Disclosure Statement, you will be asked to disclose any instances that may be a conflict or create the "appearance of conflict." Additionally, you have an ongoing duty to inform the company of any situation that may create a conflict of interest or create the "appearance of conflict." In the event there is a conflict situation, an employee may be required to take action to remove himself or herself of the conflicting interest or, if possible, to file a formal recusal from any participation in the conflicted matter or activity.

If you are not sure whether a situation is a conflict of interest, contact your supervisor, the Legal Affairs Division, Employee Relations or the Corporate Compliance and Ethics Office.

There are many situations that may be a conflict of interest or create the "appearance of conflict." Here are just a few examples:

- You take a leadership or a financial position in an organization that competes with or is a potential competitor of BCBSF.
- You enter into a business relationship with another person or business providing services to BCBSF, its subsidiaries, or customers.
- You or a member of your family accepts gifts, excessive or unusual entertainment, or other favors from any person or firm that does business with, or is seeking to do business with, or is a competitor of BCBSF.

In other words, avoid any situation in which, for example, your personal financial interest would be a conflict with your loyalty to the company. This does not apply to investments in mutual funds or other investment vehicles where you do not direct the investment decisions.



BUSINESS WITH GOVERNMENT EMPLOYEES AND LOBBYISTS

Government and Competitive Information

BCBSF employees are prohibited from attempting to obtain, from any source, government information that is procurement sensitive or any information of a competitor in a government procurement where there is reason to believe the release or receipt of such information is unauthorized. Federal Procurement Integrity law specifically prohibits persons from obtaining non-public contractor bid or proposal information or source selection information before the award of a federal agency procurement contract to which the information relates. This includes information submitted to a federal agency in connection with a bid or proposal on a federal contract as well as information prepared for use by a federal agency in evaluating a contract bid or proposal. Any BCBSF employee who has questions concerning the procurement integrity law should consult with Legal Affairs Division or the Corporate Compliance and Ethics Office.

Government Business: Submitting Data, Documents and Other Information to the Government

It is BCBSF's policy to deal honestly in all its relations with the government. The laws and regulations governing contracting with the United States government impose stringent rules. For example, it is a crime to make a false claim or false statement to a government official or to conceal or cover up any material fact in claims or other matters before the government. BCBSF employees must ensure the representations made to any government employee or in any document submitted to the government are accurate and not misleading.

From time to time, BCBSF is required to produce or provide data, information and other documents, including contract performance data, for review by the Centers for Medicare and Medicaid Services (CMS) or other federal and state agencies. Many employees within BCBSF are responsible for generating, preparing, monitoring and auditing the accuracy of such information and data. All of us play an important role in ensuring all such information and data are prepared with care and diligence. BCBSF has a system of internal controls to assist employees responsible for these very important functions. It is key, however, employees raise questions with management when there is doubt or ambiguity regarding BCBSF's obligations or the obligations of its employees. It is company policy to seek clarification from the government and to document in writing the guidance provided by government officials on which the company has relied concerning BCBSF's obligations and reporting requirements. Questions concerning issues should be referred to the employee's supervisor, the Corporate Compliance and Ethics Office or Legal Affairs Division.

Gratuities and Government Employees

BCBSF employees must not offer things of value that could be considered a bribe, or give the impression of bribing any public employee by offering or promising anything of value with the intent to influence any official act or because of the public employee's official position. Public employees include all employees of any federal, state or local government entity, whether that entity regulates BCBSF or purchases coverage plans or other products or services from BCBSF. For example, school boards and public hospitals purchasing coverage plans/policies from BCBSF are government entities, as are the Center for Medicare and Medicaid Services (CMS), Office of Personnel Management (OPM) and other federal agencies.

It is the policy of BCBSF to treat the government in a fair manner and in accordance with all applicable laws and regulations. BCBSF believes government decisions should be made on the merits of BCBSF products and service, our record of superior performance and the strength of



our arguments – not as a result of any real or perceived unfair or illegal advantage. There are very strict rules applicable to offering business courtesies, gifts and entertainment to officials in the federal and state government. These include personnel with the Department of Health and Human Resources – including CMS and the Office of the Inspector General, The Office of Personnel Management, the Internal Revenue Service and all other federal and state agencies. These rules apply even if the purpose of offering the gift is neither to secure favorable treatment nor to influence government decision-making.

LOBBYING

The Lobbying Disclosure Act (LDA) defines a “Lobbyist” as an individual retained/employed by a client/employer for financial or other compensation for services that include:

- more than one “lobbying contact” and
- “lobbying activities” constitute 20% or more of his or her services provided to the client/employer during the 3 month period

It is important that BCBSF employees understand the laws concerning Lobbying. Federal law applies to interaction with Federal covered officials in Congress and the Executive Branch. Florida law applies to interaction with Florida state officials. Interaction with local officials may be governed by state or local law or both.

Florida Lobbying Expenditures

Beginning Jan. 1, 2006, the Florida lobbyist reform law took effect. The law makes significant changes for expenditures (anything of value made by a lobbyist or principal for the purpose of lobbying) that can be made by lobbyists and principals (person, firm, corporation or other entity that has employed the lobbyist). The law prohibits all lobbying expenditures, except floral arrangements or other celebratory items given to legislators and displayed in the chambers on the opening day of regular session. Expenditures also include payment or reimbursement of expenses for travel, food, lodging or beverages related to speaking engagement or other honorarium events. Further, indirect expenditures, those not made directly to a legislator or legislative employee, but made to another to benefit the legislator or legislative employee, are prohibited.

Federal Lobbying Expenditures

President Bush signed the Honest Leadership and Open Government Act (HLOGA) of 2007 on Sept. 14, 2007. This law makes significant changes to the Federal Lobbying Disclosure Act (LDA) and House and Senate Ethics Rules and became effective Jan. 1, 2008. The new law make substantial changes to:

- The federal Lobbying Disclosure Act;
- Federal campaign finance laws;
- The federal code;
- The congressional gift and travel rules; and
- Other congressional rules governing legislative procedures and ethics.

As a result of enactment of the "Honest Leadership and Open Government Act", corporations and trade associations employing in-house lobbyists must now report their federal lobbying expenses and related federal lobbying activities to the Clerk of the U.S. House of Representatives and the Secretary of the U.S. Senate on a quarterly basis.

Expenses which must be reported include expenses incurred for direct lobbying (in-person, direct communication, retained lobbyist fees, travel and hotel charges incurred during/for lobbying activities) with "covered officials" (including, but not limited to members of Congress and their staffs, the Administration and ranking officials with government agencies).



Also reportable are expenses that support preparation of federal lobbying efforts, including discussions of federal policy/legislation that lead to the development of corporate positions on federal legislation (example, meetings of the public policy workgroup).

The new law also imposes new criminal penalties on organizations and individuals who fail to comply with federal lobbying disclosure requirements and provides authority for the Department of Justice and Office of the Inspector General to conduct audits of corporate and trade association federal lobbying reports and activities.

BCBSF employees who deal with government employees or elected officials while acting within the scope of their employment at BCBSF should consult with the Legal Affairs Division, Government and Legislative Relations department in Public Affairs or the Corporate Compliance and Ethics Office to determine what expenditures or in-kind contributions are acceptable and what must be reported. Further, for reportable expenditures and in-kind contributions, special care must be taken to ensure adequate records have been kept and are included in BCBSF's report to state or federal agencies.

General Guidelines to Follow Before Offering Any Gift or Gratuity to Any Government Employees

Since the rules governing gifts and similar items can differ from one state or local government agency and public entity to another, before offering any money, entertainment or gift item to an employee of a state or local government or other public entity, including school boards and public hospitals, BCBSF employees must first determine the gift laws or regulations applying to that government or public entity. Generally, this information is publicly available from the government or public entity's general counsel's office. A BCBSF employee can also take specialized computer base training located on the BCBSF website around the lobbying gift and travel rules or consult with Legal Affairs Division, Government and Legislative Relations department in Public Affairs or the Corporate Compliance and Ethics Office to obtain such information.

In addition, if a BCBSF employee has any doubts about any situation involving offers of money, gifts or entertainment, the employee should consult his or her supervisor, Legal Affairs Division, Government and Legislative Relations department in Public Affairs or the Corporate Compliance and Ethics Office before offering any such item. Violation by individuals of the laws and regulations regarding gifts to government employees could result in criminal and enhanced civil penalties. Violation by an employee of any portion of this policy will result in appropriate disciplinary action up to and including termination of employment.

Employment of Government Officials or Employees

There are very strict laws and regulations governing the recruitment and employment of former government personnel.

The "revolving door" rules not only apply to personnel hired by BCBSF, but to individuals retained as consultants by the company. A violation of these rules can pose substantial criminal and/or civil risk for both BCBSF and the former government employee. The rules in this area are diverse and complex.

Question:
My job requires me to conduct business with government employees. Is it acceptable to occasionally take them to lunch or to a professional sporting event?

Answer:
It depends. The laws governing relationships with government employees are complex. Any violation of these laws can result in criminal and civil sanctions. If you are not sure, contact Legal Affairs Division or Corporate Compliance and Ethics Office.



BCBSF employees must consult with Legal Affairs Division or the Corporate Compliance and Ethics Office before holding employment discussions, negotiating or making any arrangement concerning prospective employment with any current or former government official or employee (1) where the government official or employee in his or her government position has participated in a matter involving BCBSF or (2) where the government official or employee has been employed by any government agency with which BCBSF has a contract, has submitted a bid or proposal for a contract or can reasonably be expected to submit a proposal for a contract in the near future. Employment negotiations or arrangements with such government officials may be illegal.

GIFTS, ENTERTAINMENT AND BUSINESS AND TRAVEL EXPENSES

Question:

A vendor has invited me to its corporate headquarters to evaluate some new hardware. The building is in another city, but the vendor will pay for my airfare, hotel, car and food expenses. Is this ok?

Answer:

No. You must avoid even the appearance that your decision to buy the equipment is improperly influenced. If there is a business need, BCBSF can pay for the expenses.

Question:

I received an expensive basket of fruit from a vendor as a holiday present. I did not solicit the gift. Can I keep it?

Answer:

Let your management know that you received the gift. If it is not practical to return, it should be treated as BCBSF property and in this case, shared with others in the department. Be sure to let the vendor know company policy prohibits this practice.

Receipt of Gifts

BCBSF employees may not solicit or accept money under any circumstances from firms or individuals who are conducting or would like to conduct business with or who are competitors of BCBSF. In addition, BCBSF employees may not accept from such firms or individuals non-monetary gifts that could be reasonably construed to be connected with BCBSF's business relationship with that firm or individual. Gifts include material goods, as well as services, entertainment, promotional premiums on personal purchases of goods or services, advertising or promotional materials, gratuities, or any other personal benefit or favor of any kind.

This does not prohibit the acceptance of gifts of nominal or minor value that are merely tokens of respect or friendship and are not related to any particular transaction and are customarily offered to others having a similar relationship with the firm or individual. For example, unless a specific law or regulation provides otherwise, a BCBSF employee can generally accept inexpensive advertising and promotional gifts or items, business meals and/or other appropriate, infrequent forms of entertainment. A BCBSF employee cannot, however, accept any such item as condition of conducting business with that supplier or customer or in exchange for providing preferential treatment to that client or customer. For example, a BCBSF employee cannot receive payments or gifts from a provider in exchange for supplying confidential information or providing preferential treatment.

If a BCBSF employee has any doubts about a particular situation, the employee should consult his or her supervisor, Legal Affairs Division or the Corporate Compliance and Ethics Office before accepting any money, gift, gratuity, favor, or entertainment.

If a BCBSF employee is offered money or gifts, or if a gift arrives at either an employee's home or office, the BCBSF employee should inform his or her supervisor immediately. Appropriate arrangements should be made to return or dispose of the item and the supplier or customer must be informed or reminded of BCBSF's gift policy.

Bribes, Kickbacks, Gifts, Gratuities and Entertainment in Business

BCBSF employees are prohibited from offering to give or provide any bribe, kickback, or other valuable consideration to anyone, including customers or



members of their family, in connection with the sale of any BCBSF insurance policy, product or service, or in order to obtain preferential treatment, to secure or retain business or otherwise solicit some improper benefit personally or for the company. Should any such payments be requested, the Legal Affairs Division or the Corporate Compliance and Ethics Office should be contacted immediately in order to protect the company and employee. Company policy is to forego any business that can only be obtained by improper or illegal payments. It is entirely appropriate, however, to pay a commission to agents on insurance products sold through or by them.

BCBSF employees must not use gifts or entertainment to improperly influence potential customers. BCBSF employees must market the company's coverage plans, products and services on the basis of price, quality and service. In both commercial and governmental activities, certain common sense exceptions apply to the general prohibition on providing gifts or entertainment. For example, unless some specific law or regulation provides otherwise, an employee can generally provide customers with inexpensive advertising and promotional gifts or items valued at not more than \$25, a business meal and/or other appropriate, infrequent forms of entertainment.

Travel

Business expenses properly incurred in performing BCBSF business must be documented promptly with accuracy and completeness on expense reports. Expenses are to be reported within 60 days after return from business travel. Requests for reimbursement of travel or business-related expenses are to be approved by the requestor's supervisor or the next higher level of management who has an authorized signature card on file in the Corporate Payables Department.

Expenses incurred must have a business purpose, be reasonable and necessary for the accomplishment of the business purpose, and not be lavish or extravagant. Business meals involving potential customers or other individuals external to the company may not be charged to a line of business related to government contracts if considered entertainment. Meals and other expenses charged to the government must be carefully reviewed to ensure that the expenses are allowable charges under the applicable rules. In addition, the rules for offering gifts and gratuities must be strictly enforced.

Question:

A vendor is coming to my office for a meeting. May I buy her lunch?

Answer:

Yes. Infrequent meals are fine as long as there is a business reason for them and the cost is reasonable.

Question:

May I accept a business meal from an existing vendor?

Answer:

Generally, you can accept a business meal. The meals should be infrequent and have a business purpose.

Question:

I attended a conference at the company's expense and won two round trip, first class airfare tickets. Can I keep them?

Answer:

The random selection of the prizewinner helps to avoid the appearance of any wrongdoing. It is probably acceptable to keep the tickets. You should check with your management or Corporate Compliance & Ethics. You may also need to disclose it on your conflict of interest form.



MARKET ALLOCATION AND OTHER AGREEMENTS

Receipt of Kickbacks and/or Rebates

Purchase or sales of BCBSF's coverage plans/policies, products and services must not lead to employees or their families receiving kickbacks or rebates from BCBSF customers or contractors. Kickbacks or rebates can take many forms and are not limited to direct cash payments or credits. For example, a BCBSF employee cannot accept cash payments or gifts from a doctor when a subscriber visits that doctor. In addition, group-purchasing arrangements, discounts, rebates and warranties must comply with applicable law. Improper practices are not only unethical, but are in many cases illegal.

There are anti-kickback statutes, providing for severe criminal, civil, and monetary penalties not only for individuals who offer kickbacks, but also for the company and employees who solicit or accept such items.

BCBSF policies regarding the acceptance of gifts, gratuities and entertainment by BCBSF employees apply with equal force to the families of BCBSF employees.

Other Improper Payments

No payments or offer of benefit of any kind other than those expressly authorized by BCBSF may be made to customers or prospective customers as an inducement for them to buy only BCBSF products or services. BCBSF or its agents may offer only inducements expressly authorized by the company and available to all customers in similar circumstances on an equal basis.

The use of BCBSF funds or assets for any unlawful or unethical purpose is prohibited. Any payment that is improper when made by a BCBSF employee is likewise improper if made by an agent, consultant or other third party on behalf of the company. The making of any payment to a third party for any purpose other than that disclosed on the payment documentation is prohibited.

Antitrust

BCBSF is committed to complying with all antitrust laws. Actions by BCBSF employees must be consistent with antitrust laws that are designed to protect competition.

Penalties for antitrust violations can be severe. Violations of the federal and state laws may result in criminal as well as civil liability. Individual employees can go to jail and/or be sued personally for violating antitrust laws. BCBSF employees are required to follow this antitrust guidance to avoid even the appearance of conduct that violates federal or state antitrust laws.

Certain special antitrust rules may apply to BCBSF's activities in the insurance business under the McCarran-Ferguson Act. The Department of Justice and the Federal Trade Commission have issued certain guidelines explaining the application of antitrust principles to the health care industry. Any exemptions from general antitrust provisions that appear to apply, however, are normally construed very narrowly, and at no time should any BCBSF employee assume their activities are not subject to federal and state antitrust laws. Legal Affairs Division should always be consulted before any BCBSF employee attempts to

Question:

At a meeting of my professional association, some of the members talked about a plan to divide their sales territories to reduce competition. I did not agree to participate, but what should I say if this happens again?

Answer:

Collusion is a serious violation. Anytime that you are in a meeting with competitors and the discussion turns to topics that could be or are anticompetitive, you should excuse yourself from the meeting. Contact the Legal Affairs Division or the Compliance and Ethics Office.



interpret a statute or any other source relating to the operation of antitrust principles in the health care or insurance industries.

Insider Trading and Self-Dealing

Employees are prohibited from conducting insider trading. Insider trading is trading in the organization's stock while aware of confidential information about the organization that could, if it became public, affect the stock price. Disclosure of any information to another person, such as a spouse or friend, which would enable them to gain a trading benefit not available to the general public, is also prohibited. Similar restrictions also should apply to trading in the stock of other companies using confidential information that an employee has access to as a result of employment. This conduct is illegal and could subject the employee and the organization to civil liability and criminal penalties. It could also subject the employee to severe disciplinary action, including possible termination of employment.

Although BCBSF is not a publicly traded company, it deals with companies that are. It is a violation of the law for any person to buy or sell securities of a company while in possession of "inside" information regarding that company. "Inside" information is non-public information to which a reasonable person would likely attach significance in determining whether to buy or sell securities. BCBSF employees must not use, or pass on to others to use, such inside information in trading in a company's securities. BCBSF employees are also prohibited from self-dealing, that is, using information gained through their employment at BCBSF to their own benefit. BCBSF employees also are prohibited from using such information to benefit someone outside the company. This is true even if an employee leaves the company. The information belongs to the company and not to any individual.

Restraining Trade

As a general rule, certain types of understandings or agreements are suspect. These include agreements not to trade with others and agreements not to trade or deal in particular territories that are not otherwise authorized by law. (These agreements can be distinguished from the situation in which BCBSF receives a license from the Blue Cross and Blue Shield Association to offer coverage plans in a limited service area utilizing the Blue Cross and Blue Shield name and trademark.)

Agreements not to trade with others and not to trade or deal in particular territories may be unlawful – whether they are written or unwritten, formal or informal, understood or implied. It also does not matter whether they are made with a competitor or customer. Certain federal and state regulations lawfully promote awarding business to certain historically disadvantaged minority groups.

BCBSF employees must consult with Legal Affairs Division or the Corporate Compliance and Ethics Office before entering into any agreement not to trade with others and not to trade or deal in particular territories.

Price Fixing

One of the company's most important decisions is what to charge for its coverage plans, products and services. BCBSF must make these decisions alone without collaborating with any competitor. Decisions regarding the terms on which a plan, product or service is sold are equally important and must also be reached independently. BCBSF employees must not engage in conduct, however innocent, that creates the appearance of price fixing or suggests BCBSF has agreed with a competitor regarding the terms on which the company will offer its products,



services and coverage plans. To avoid the possibility of misunderstanding or misinterpretation, BCBSF policy is as follows: No employee may create or participate in any understanding, agreement, plan or scheme with any competitor concerning:

- BCBSF prices or competitors' prices;
- Price policies;
- Fees; or,
- The terms or conditions of sale of any service or product.

It does not matter whether the agreement is expressed or implied, formal or informal, oral or written. It is absolutely prohibited, and no employee shall enter into such an agreement.

BCBSF employees must avoid any conduct that creates the slightest perception they have engaged in price-fixing. Many traditional business gatherings are fertile grounds for conduct that might be perceived as unlawful. Trade and professional association meetings, conventions and seminars are of particular antitrust concern, for example, because competitors generally attend them. Employees who attend these gatherings may not discuss prices or fees, whether during the formal meeting or during the social or entertainment portion of the gathering. If such discussions begin, BCBSF employees are required to leave immediately and make it clear why they are leaving.

Use of Size, Market Position or Purchasing Power

One purpose of the antitrust laws is to prevent large businesses from gaining an unfair advantage and forcing other businesses out of the marketplace. While vigorous competition based on efficiencies made possible by BCBSF's size is encouraged, BCBSF employees will not attempt to exploit unfairly the size or market share of BCBSF to the detriment of competitors, suppliers or customers, and employees must consult with Legal Affairs Division when considering agreements or taking other action that appear to raise this possibility. Legal Affairs Division should always be consulted when two particular actions are contemplated: price decreases to discourage a competitor or drive them from the market, and requests to suppliers or customers that they provide BCBSF with terms equal to or better than the terms offered to BCBSF's competitors.

Antitrust law in some cases prohibits making the availability of one product conditional on the purchase of other products, and may in rare instances also prohibit discount structures that encourage customers to purchase undesired products in order to obtain a more favorable price on a desired product. BCBSF employees should consult with Legal Affairs Division before entering any agreements that may possess such characteristics.

Communications with Competitors and Participation in Surveys

Exchanging competitively sensitive information with competitors can violate the antitrust laws even when no agreement is reached or even contemplated. Regular exchanges of information are particularly risky, even when the information is exchanged through third parties or obtained through independently conducted surveys. BCBSF employees should consult Legal Affairs Division before agreeing to provide information to third parties including consultants and industry groups.

Advertising

Legal Affairs Division and the Brand and Market Communications Department must review BCBSF advertising. In addition, for Medicare products, review and approval of advertising



materials must be obtained from CMS. BCBSF advertising, including both written marketing materials and oral representations by BCBSF employees or agents, should always be clear, complete and accurate.

Question:

I just signed up a new contracted general agent to sell our products and gave him a copy of the company logo to use in their advertising. He could get the logo off our Internet site anyway, so it's ok, right?

Answer:

Maybe. Our brand and logo are vital to the company. There are strict usage guidelines. You will need to consult with the Legal Affairs Division for guidance.

BCBSF employees must not make misrepresentations or misleading statements to anyone. If BCBSF employees make specific claims about the company's coverage plans, products or services, they must have a good faith basis for those claims. Coverage plans, products or services should not be marketed in any way that might cause confusion between BCBSF coverage plans, products or services and those of competitors. If a BCBSF employee believes a customer or potential customer may have misunderstood him or her, the employee must promptly correct any misunderstanding. Similarly, BCBSF employees should be alert to any situation where a competitor may be attempting to mislead potential customers and inform their supervisor or Legal Affairs Division of any such cases.

BCBSF employees should not disparage any of the products, services or employees of any competitor. If BCBSF employees do compare BCBSF coverage plans, products or services against those of competitors, such comparisons should be fair and accurate. Comparative advertising is subject to regulation and therefore, must be cleared with BCBSF's Legal Affairs Division in advance.

If BCBSF offers advertising or promotional allowances, it should offer them on a proportionately equal basis to all customers. Advertising and promotional allowances are subject to detailed and technical regulations and, therefore, should be offered only after approval of Legal Affairs Division. Generally, BCBSF can provide to clients and prospective clients for the purpose of advertising merchandise having a value of not more than \$25.

If BCBSF employees supply any estimates, they must be fair and reasonable. To the maximum extent possible, they should be backed by objective facts and experience. To the extent the estimate cannot be objectively verified, it should be based upon the good faith judgments of those making the estimate.

Mergers and Acquisitions

Federal law forbids the consummation of certain mergers and acquisitions until the antitrust authorities have had a chance to scrutinize the acquisition. In order to avoid influencing the business decisions of an entity to be acquired, BCBSF employees must consult with Legal Affairs Division before communicating during the required waiting period with any such entity.

State Antitrust and Unfair Competition Laws

Many states have antitrust and unfair competition laws that cover a broader range of conduct than the federal antitrust laws. It is just as important for BCBSF and its employees to observe state law, as it is to observe federal law. Even if a BCBSF employee knows a course of action does not violate the federal antitrust laws, if the action appears to be unfair or deceptive, or if it involves anything other than vigorous competition on the merits, the employee should consult Legal Affairs Division to ensure the course of action complies with relevant state antitrust laws.



FINANCIAL INTEGRITY AND ACCURATE COMPANY RECORDS

Accurate Record Keeping

BCBSF maintains a system of internal controls to provide reasonable assurance transactions are executed in accordance with management's authorization and are properly recorded in accordance with appropriate accounting procedures. A control-oriented environment including written policies and procedures and examination by a professional staff of internal and external auditors characterizes the system. All BCBSF employees are expected to adhere to these policies and to cooperate fully with BCBSF internal and external auditors.

All company payments and other transactions must be properly authorized by management in accordance with company policies and be accurately and completely recorded in BCBSF's books and records in accordance with generally accepted accounting principles.

Employees may not make any false, incomplete or misleading entries. Undisclosed or unrecorded corporate funds shall not be established for any purpose, and company funds should not be placed in any personal or non-corporate account. All corporate assets must be properly protected and asset records regularly compared with actual assets with proper action taken to reconcile any variances.

Federal and state law requires BCBSF to assure its records accurately reflect the true nature of the transactions represented. This requirement applies to a wide variety of information recorded by BCBSF employees, including entries relating to the processing of claims, recording of financial transactions, audits and quality control systems, as well as reporting of expenses and timekeeping. Therefore, in all of BCBSF's operations, it is against BCBSF policy for any employee to intentionally cause any record to be inaccurate.

Examples of prohibited acts include making records appear as though payments were made to one person when, in fact, they were made to another; submitting expense accounts which do not accurately reflect the true nature of the expense; falsifying time on time cards, falsifying time to inaccurately reflect the amount of time worked on the program to which charges should be recorded; changing the recipient on a claim to channel payments to an improper recipient; deleting claims from the computer system without rerouting for reprocessing and properly documenting the action; and the creation of any other record which does not accurately reflect the true nature of the transaction.

False entries must never be made in any BCBSF record or in any public record for any reason nor should permanent entries in the company's records be altered in any way. No payment or receipt on behalf of BCBSF may be approved or made with the intention or understanding that any part of the payment or receipt is to be used for a purpose other than described in the documents supporting the

Question:

What should I do if I have a question or suspect problems with some aspect of our financial reporting or internal accounting controls?

Answer:

The company must have a financial accounting framework that can generate reports that are readily verifiable with traceable data. The accuracy of our company's financial statements and records and the proper functioning of our internal accounting controls are vital to the company. Issues must be reported. If you are comfortable doing so, talk to your management about it to make sure you understand the situation. You can also contact Corporate Compliance and Ethics Office.

Question:

My co-worker told me he falsified his production count. The guy has been struggling lately and he said it was the only time this happened. What should I do?

Answer:

Falsification of any company records, financial or otherwise is not acceptable. The company has programs in place to help employees when times are difficult. Talk to your management about this or contact Corporate



transaction. “Slush funds” or similar off-book accounts, where there is no accounting for receipts or expenditures in corporate records, are prohibited. It is very important BCBSF employees not create or participate in the creation of any records that are intended to mislead or to conceal.

Responses to Auditors

No BCBSF employee, or any person acting under the direction thereof, should take any action to fraudulently influence, coerce, manipulate or mislead any auditor engaged in the performance of an audit of BCBSF. These audits would include, but not be limited to, audits of BCBSF's financial statements, audits of government programs and SAS 70 audits of the company's operations.

Fraud, Waste and Abuse

Compliance with the requirements of state and federal laws/regulations has always been a priority for the company. The Corporate Fraud, Waste and Abuse Policy was established to facilitate the development of controls that aid in the detection, investigation, civil and/or criminal prosecution and prevention of fraud, waste and/or abuse. As a Medicare Advantage and Part D Plan Sponsor, BCBSF is also responsible for oversight and monitoring of fraud, waste and abuse education and training of first tier, downstream and related entities.

BCBSF reviews, investigates and documents fraudulent, wasteful or abusive acts with respect to provider and subscriber claims, premium defalcations or misuse of company assets by employees, external consultants, vendors, insureds or any other entity. It is the responsibility of BCBSF management and staff to immediately report suspected fraud, waste and abuse to the Special Investigation Unit (SIU). Calling the toll free hotline at 1-800-678-8355 or sending an email to specinvestunit@bcbsfl.com are two easy ways to report suspected fraud, waste and/or abuse.

The SIU is authorized to investigate allegations of fraud, waste and/or abuse concerned with all lines of private business to include providers, insureds, group representatives or other individuals, as well as special investigations requested by management. The SIU is also authorized to investigate business dealings that BCBSF may have with outside contractors, consultants or vendors.

Procurement of Goods and Services

Company policy requires purchases of goods and services will be made on a competitive best value basis and will be based on quality, price, service, reliability and other reasonable criteria. In some instances, BCBSF purchases goods or services from a supplier who also buys coverage plans, policies, products or services from BCBSF or its subsidiaries. This practice is normal and acceptable, but coercion, express or implied, requiring suppliers to buy from BCBSF or related entities is not acceptable. Company policy prohibits BCBSF employees from placing any pressure on or making threats to a vendor that imply the vendor must have BCBSF coverage plans or BCBSF will not purchase goods or services from him or her.



INTERACTIONS WITH THE PUBLIC

Political Activity and Contributions

BCBSF encourages all employees to vote and be active in the political process. Federal and state laws, however, limit the nature and extent of individual and corporate political participation. For example, federal law prohibits corporate contributions to federal political candidates or office holders; state law limits corporate contributions to candidates for state or local office to \$500 per candidate per election (generally primary and general elections are considered separate elections). Florida law also limits contributions by insurers to candidates for the Chief Financial Officer of the State of Florida to \$100 per election. Contributions to political parties cannot be made if the intended use is for a particular candidate or if the contributions do not provide a direct benefit to the political party.

For purposes of this policy, the term “political contribution” includes direct or indirect payments, loans, advances, deposits or gifts of money or any services. It also includes gifts, subscriptions, memberships, purchase of tickets, purchase of advertising space, furnishing of supplies, payment of expenses and compensation of employees performing services for a political organization, candidate or public official.

Federal law and company policy also state no one will be reimbursed for personal political contributions. BCBSF will not pay an employee for his or her contribution to a political action committee or candidate through a bonus, expense account or other form of direct or indirect compensation. Federal law and company policy also prohibit compensating employees for engaging in a political activity during company time, with limited exceptions.

Company policy does not prohibit the establishment of a legally constituted employee political action committee that may make political contributions on behalf of their members. BCBSF’s Florida Health Political Action Committee (PAC) is such a committee, organized and administered in strict accordance with the law. Membership is entirely voluntary. Company funds and assets are used to pay the administrative costs of this committee only to the extent permitted by law.

BCBSF policy prohibits employees from soliciting political contributions on company property during working time and from distributing political literature in working areas at all times, non-working areas during employees’ working time, and in lobbies open to the public. One exception is that BCBSF’s Florida Health PAC may solicit exempt employees on company property during working time.

The political process has become highly regulated and any BCBSF employee who has any question about what is or is not proper should consult with the Corporate Compliance and Ethics Office or the Legal Affairs Division before agreeing to do anything that could be construed as involving BCBSF in any political activity at the federal, state or local level.

Employees who wish to work as volunteers in political campaigns must never do so during their working hours and may never use company resources, such as telephones, copying and fax machines, as part of their volunteer efforts.

Question:
I volunteer on a political campaign for my friend running for mayor. Is this ok?

Answer:
Yes, as long as you are not doing this on company time and you don’t solicit or distribute information about the campaign at work.



Charitable Activity and Contributions

BCBSF supports a corporate contributions program based on the belief as a corporate citizen, it has an obligation to respond to community, economic and social needs. BCBSF's policy is to be prudent and conservative in making such contributions. The company's policy permits the support of qualified charitable organizations with financial and non-financial assistance and loaned personnel. Charitable organizations that will be supported by BCBSF must meet the following criteria:

- Be located in Florida and serve Floridians;
- Possess exemption by the IRS under section 501(c)(3) of the Internal Revenue Code;
- Address company community outreach goals and targets;
- Not duplicate the work of other organizations supported by the company within the same geographic or program area;
- Have a current, satisfactory audit conducted by a certified public accountant; and
- Have a long-standing reputation for credibility and integrity.

BCBSF's Charitable Contributions Policy make its corporate officers accountable for community service and social responsibility activities in cooperation, coordination and consultation with the Public Affairs Group and the Legal Affairs Division. All expenditures for charitable contributions must be coordinated by the Public Affairs Group and approved by management as set forth in the BCBSF Charitable Contributions Policy. The policy requires that charitable contributions should be included in the Public Affairs budget, not in individual budgets as travel and entertainment expenses.

BCBSF's Charitable Contributions Policy recognizes certain activities, such as service on voluntary agency boards, involvement in Chamber of Commerce activities or membership in organizations such as Rotary or Civitan may support marketing efforts by building and influencing business relationships. BCBSF requires its employees to carefully budget these activities separately from charitable contributions expenditures.

Specific Guidelines Regarding Direct Requests for Information

If a BCBSF employee receives a request or question from outside the company, he or she should not attempt to respond unless he or she normally would do so as part of his or her assigned job responsibilities. If the BCBSF employee has not been assigned responsibility to answer such requests or questions as part of his or her job responsibilities, he or she should refer the person to the appropriate source within the company.

For example, if an employee receives a request for information or to conduct an interview from a law enforcement officer, the employee should refer the request to Legal Affairs Division. An employee should also refer to Legal Affairs Division any request from an attorney or agent who represents any other party having a potential adverse interest. Similarly, unless the employee has been authorized to talk to reporters, or to anyone else writing about or otherwise covering the company or the industry, the employee should direct the person to Public Relations. If an employee does not know to which department the question should be referred, the employee should ask a supervisor.



Question:

I know that protecting all information is important, but don't we go overboard with the controls?

Answer:

Not at all. Improper uses and disclosures can invade someone's privacy, damage reputations, cause embarrassment, violate federal and state privacy laws and invite lawsuits. Improper uses and disclosures may also be violations of the company's agreement or contract with a government agency or another customer. Federal and state privacy laws carry significant penalties for violations. These penalties apply both on a corporate and individual basis.

SAFEGUARDING INFORMATION

Information

Our business offers BCBSF the opportunity to earn our members' continued respect and trust every day through our products, services and people. Our customers are our reason for being and all of our decisions will be based on our ethical standards of honesty, fairness and integrity. To that end, we have an obligation to ensure our business processes protect our customers' and consumers' health and/or financial information, referred to as protected information (PI). Every time a customer or consumer makes contact with BCBSF for purposes of obtaining rate information, filing a claim, discussing claim and benefit status, etc., his or her health and/or financial information is shared with us and must be protected. Each customer and consumer's name, contract number, address, phone number, social security number and other identifiers are considered protected information with or without any health related information. Although privacy laws label protected information with a variety of names (e.g., such as non-public information, personal information, individually identifiable health information, financial information, protected health information, etc.), it is important to remember it includes names, demographic information and any other data that can be used to identify an individual customer/consumer.

The Freedom of Information Act (FOIA) is a federal law designed to give members of the public access to agency records or information unless such records or information fall within certain exclusions. FOIA requests must be in writing and must state the information is being requested under the Freedom of Information Act. As soon as you receive a FOIA request, you must contact the BCBSF Legal Affairs Division. Only certain individuals are

authorized to respond to such requests on behalf of BCBSF.

In November 2000, the privacy provisions of the Gramm-Leach-Bliley Act (GLB) became effective. This is a financial services modernization statute affecting banking and insurance industries, among others, with a privacy provision compliance date of July 1, 2001. BCBSF is considered a financial institution under the definition set forth by GLB. As a result of this federal act, Florida Statute 626.9651 was enacted giving the Department of Financial Services (DFS) authority to develop rules applying the act's requirements to insurers such as BCBSF. GLB requires financial institutions to establish privacy policies protecting the nonpublic personal information of their customers and to give their customers initial and annual notices regarding those policies.

In December 2000 the Department of Health and Human Resources published its final rule, in accordance with the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act (HIPAA) of 1996, for "Protecting the Privacy of Patients' Health Information." These privacy provisions were subsequently amended in August 2002. This regulation covers health plans, health care clearinghouses and those health care providers who conduct certain financial and administrative transactions electronically. The regulations protect all medical records and other individually identifiable health information held or disclosed by a covered entity in any form, whether communicated electronically, on paper or orally. All health plans were required to develop and implement a comprehensive compliance program to monitor compliance with the final rule and to protect against the inappropriate use and disclosure of protected information.



BCBSF's privacy policy reflects the general philosophy of the Company and also incorporates privacy regulations of major privacy laws (i.e. the Health Insurance Portability and Accountability Act–Administrative Simplification [HIPAA-AS], Florida state legislation's version of the Gramm-Leach-Bliley Act [GLB], and any other applicable Florida or Federal laws pertaining to privacy.) As such, the policy affects health and non-health business; certain policy provisions, however, may not apply to Workers Compensation. Please contact Corporate Compliance and Ethics if questions arise concerning applicability of the Privacy Policy. All customers and consumers have a right to privacy and confidentiality of their individually identifiable health and financial information (i.e. Protected Information [PI]), and to expect that this information be used in a manner that protects that right. To that end, for all uses and disclosures of PI, the Company must:

- Limit access to only that information that is reasonably necessary to achieve the purpose of the use of disclosure and to allow access by only those persons who require the information consistent with their Company job responsibilities.
- Use de-identified data whenever possible.
- Maintain administrative, technical, and physical safeguards that comply with regulatory requirements to safeguard PI. The Company will reasonably safeguard this information from any intentional or unintentional use or disclosure that is in violation of privacy laws.
- Prohibit releasing a roster of membership or databases of (PI) to any individual for personal gain, or for any use that does not meet the guidelines established in the policy.

Reporting of Privacy Disclosures

Any suspected, observed or known disclosures of protected information (PI), either by BCBSF or a business associate, other than in accordance with federal or state privacy related laws and company policy and procedures, is considered non-permitted and must be reported to Corporate Compliance and Ethics (CC&E). Non-permitted disclosures may be identified by any BCBSF employees or reported to them by members, providers, vendors, government agencies, or other outside sources. Some examples of non-permitted disclosures that must be reported to CC&E **immediately** include, but are not limited to, the following:

- Explanation of benefits (EOB), provider remittance advice, or any claim payment, correspondence of any kind containing protected information, mailed (electronically or through a postal service), faxed, or otherwise sent to the wrong individual.
- Sharing member information with the wrong provider
- Theft or loss of laptops, hard copy documents containing PI
- Group account membership or other reports, mistakenly sent to the wrong group

Response and recovery activities will be carefully and formally controlled, in accordance with documented privacy disclosure response procedures. Response and recovery activities will be conducted by suitably trained and qualified staff in a manner that protects BCBSF's information and helps to protect the information of others that might be affected by the incident.

Confidential, Proprietary and Private Information

Employees must not disclose or use at any time, either during or subsequent to their employment, any confidential and proprietary information of the company of which they become aware during their employment, whether or not developed by them, except as required in their duties as an employee of BCBSF.



Upon termination of employment, an employee shall promptly return to BCBSF all company property, including all manuals, letters, notes, notebooks, reports and all other materials of a confidential and proprietary nature relating to the company's business and which are in his or her possession or under his or her control.

In addition, the company requires employees to assign to the company all of their rights, if any, in intellectual property that employees develop or create in the discharge of their duties. All employees will be required to sign a statement acknowledging that they understand and agree to these duties.

Confidential and Proprietary Information is defined as sensitive or classified information and/or unique ideas or data generated from within the organization to help determine the course of decision making by the company or to facilitate the company's provision of its services, to which an employee may gain access solely by virtue of his or her employment with the company. Examples include, but are not limited to, the following:

- Information about customers and consumers;
- Information obtained from legal, personnel or medical files;
- Planning and budgeting information;
- Marketing and sales information which reveals the company's marketing strategies; information or marketing decisions with respect to particular offerings, or information which reveals the company's assessment of the market place;
- Data processing software or computer programs and/or processing techniques;
- Trade secrets;
- Information which could aid others intent on fraud, waste, abuse or misuse of BCBSF products or services, sabotage or invasion of privacy;
- Research information and/or data which would be of value to others; and
- Intellectual property which includes trademarks, copyrights, patents and trade secrets, and any applications for registration for any of the foregoing.

Confidential and proprietary information and intellectual property are crucial to the competitive operation of the company. Furthermore, BCBSF is under a legal obligation to prevent the unauthorized disclosure of certain information in its possession. For instance, the Privacy Act places specific limitations on the ability of the company to disclose information acquired in performance of federal contracting when that information relates to a specific individual.

Company files and other records or data of the company are the property of the company, not the employee who wrote, created or had other involvement with the information. For this reason, all employees are under a duty not to disclose either originals or copies of this type of information, or to remove such information from the premises of the company, unless it is directly within the responsibility of the person's job to do so, or the employee receives permission to do so. Violations by an employee or former employee may result in disciplinary and/or legal action. Any employee who has a question as to whether a particular matter is confidential and proprietary should contact his or her supervisor or Legal Affairs. Basic guidelines regarding BCBSF's proprietary and confidential information are:

- Any company proprietary or confidential information to which BCBSF employees may have access should be discussed with others within the company only when employees need to know the information for purposes of BCBSF business and



should be subject to minimum necessary requirements. In other words, the minimum amount of information should be shared in order to fulfill the task.

- Disclosure of BCBSF proprietary or confidential information to any individual or group outside the company, other than marketing information ordinarily provided to our customers and proprietary or confidential information provided to third parties (who need the information to provide services to BCBSF) or who are authorized to receive the information, should occur only after consultation with Legal Affairs and/or the Corporate Compliance and Ethics Office. When proprietary or confidential information is provided to third parties who need the information to provide services to BCBSF, written confidentiality notices or agreements must be used whenever possible.
- BCBSF employees must always be alert to inadvertent disclosures that may arise in either social conversations or in normal business relations with individuals outside the company. An example of such contact is a questionnaire that BCBSF might receive from a consulting firm, trade association, competitor or another Blue Cross and Blue Shield Plan which requests confidential or proprietary information. In these cases, please consult Legal Affairs or the Corporate Compliance and Ethics Office.

Statement Regarding Confidential and Proprietary Information

All BCBSF employees are required to sign statements upon joining BCBSF acknowledging that they understand and will follow the company's Confidential and Proprietary Information policy, including an obligation to keep such information confidential after their employment with the company has ended.

Upon termination of employment, an employee shall promptly return to BCBSF all company property, including all manuals, letters, notes, notebooks, reports and all other materials of a confidential nature relating to the company's business and which are in his or her possession or under his or her control.

In addition, the company requires employees to assign to the company all of their rights, if any, in intellectual property that employees develop or create in the discharge of their duties. All employees will be required to sign a statement acknowledging that they understand and agree to these duties.

Violations by an employee or former employee may result in disciplinary and/or legal action. Any employee who has a question as to whether a particular matter is restricted should contact his or her supervisor or Legal Affairs.

Reporting of Security Incidents

The security rule of the HIPAA-AS provides additional regulatory direction regarding monitoring the company security environment and reporting known and suspected security incidents. All individuals are required to report suspected, observed or known security incidents that involve other employees to the Corporate Compliance and Ethics Office immediately after becoming aware of such an incident; per established procedures. Security incidents involving physical security should be reported to the safety and security department. All other security incidents should be reported to the Information Technology Service Desk at 1-904-905-8737 or x58737



internally. Security incidents include, but are not limited to, weaknesses or threats to information, systems or services. Response and recovery activities will be carefully and formally controlled, in accordance with documented Incident Handling procedures. Response and recovery activities will be conducted by suitably trained and qualified staff in a manner that protects BCBSF's information and helps to protect the information of others that might be affected by the incident.

Retention of Records

Records management is the systematic control of records, including electronic records, relating to record creation, classification, use, maintenance and disposition of records in order to achieve and maintain the proper documentation of business activities.

Company business records must be managed, retained and destroyed in a manner that supports both ongoing business operations and compliance with various accounting, audit, customer, legal, regulatory and tax requirements. Such records are retained in a systematic manner so they are reasonably available and accessible when needed.

All records are subject to a retention period. The company has a records retention schedule documenting the planned life cycle of BCBSF records. The types of records and length of time a record is required to be retained are determined in accordance with user needs, company needs, and specific legal, regulatory, audit, and administrative requirements.

In certain cases a legal hold memorandum is sent out by Legal Affairs specifying the retention requirements of specific record(s). A legal hold requires preservation of appropriate records under special circumstances, such as litigation, government investigations, audits or consent decrees and supercedes the requirements of the records retention policy for the duration of the legal hold.

Question:

I moved into a new office and there were documents left in one file drawer. Can I just dump them in a blue bin?

Answer:

You need to review the documents to determine if they are records. If unsure, talk to your management or contact the Records Retention Administrator.



COMPUTER DATA AND PROGRAMS

Question:

I have access to the Internet. Isn't it ok to download software? I saw someone do this?

Answer:

Software must not be downloaded from the Internet. Only authorized company personnel can load software on computers. Software downloaded from the Internet may have viruses or conflict with the system architecture. Issues or potential issues should be reported to your management or ISSR.

Computer Software

BCBSF computers are corporate-owned assets and must be kept software legal and virus free. Only software acquired through the procedures outlined in the software policy may be used on BCBSF computers. Corporate-owned software must not be installed on a BCBSF user's home/personal computer unless specifically approved for use, such as corporately approved virus protection software. Unauthorized duplication of software may subject BCBSF users and/or BCBSF to both civil and criminal penalties under the United States Copyright Act (Title 17 of the US Code).

It is the policy of BCBSF to appropriately license copyrighted software, to respect all computer software copyrights and to adhere to the terms and conditions of all software licenses to which BCBSF is a party. Employees may not duplicate or download any software or related documentation for use on BCBSF computers unless expressly authorized to do so by Information Security Services and Recovery.

Corporate Information Security

BCBSF has long protected its technology and information assets through a combination of policies, standards, procedures and technology. Ongoing monitoring of information and system access and use is routinely performed for appropriateness of use,

unauthorized activity, new threats and opportunities for improvement.

Information will be secured in accordance with its classification level. In the event any user of BCBSF information or system resources is uncertain about the classification level for any particular use of information, it is BCBSF's policy the user will protect the information in accordance with the highest level of classification. Employee access to protected information is limited based upon the role/job function of the employee and the classification of the information requested. All users will be required to provide access/authentication credentials prior to accessing protected resources.

USER-ID

All employees (including contractors and temporary employees) who are assigned a USER-ID (RACF-ID or User Name) to perform their assigned job duties will:

- Be responsible for all activity logged under their USER-ID
- Not share or exchange the USER-ID or password
- Report any suspected USER-ID or password misuse to Information Security Services and Recovery (ISSR)
- Use the system(s) only for BCBSF business.



COMPANY, EMPLOYEE AND COMMUNITY RELATIONSHIPS

Employee Data

Privacy, confidentiality and appropriate safeguarding of employee information are important to BCBSF and each BCBSF colleague.

In the course of employment with BCBSF, employees may be required to access, use or otherwise be exposed to personal information, (employment and health records) about fellow employees. Minimum necessary always applies and each employee is expected to protect employee information and question any unwarranted exposure. Access to employee information is allowed based on documented job accountability only. Employee information may only be accessed or used to support the specific business function(s) for which access was granted.

All employees are required to follow normal business processes when dealing with their personal insurance-related business and not request that others in the business intervene to assist them. Any request to bypass normal operating procedures must be reported to the Corporate Compliance and Ethics Office. Employee information may not be used for training purposes, to provide examples of specific services or in testimonials unless the employee completes a written HIPAA-compliant authorization form for the specific purpose.

Management will be required to annually evaluate the ongoing need for access to employee information. Information Security Services and Recovery will support this process.

Verification of Employment

BCBSF generally prohibits the disclosure of information about company employees to third parties outside the company unless the employee authorizes the disclosure, a court orders such disclosure, or the company is under some other obligation to make the disclosure. As a general rule, when BCBSF is asked to provide employment references, the company will confirm an individual's dates of employment, job title and salary.

BCBSF has implemented an Automated Employment Verification Information Line that can verify employment date, title and status. Payroll information can also be validated. Employee authorization is required for verification of employment and/or payroll information through the information line. Consult the Employee Central intranet site for additional details.

Loans to Officers and Directors

BCBSF will not directly or indirectly, including through any subsidiary or controlled affiliate, extend or maintain credit, arrange for the extension of credit (other than for the purpose of assisting with authorized relocation expenses or with emergency disaster relief efforts) or renew an extension of credit in the form of a personal loan to or for any director or executive officer of BCBSF.

Equal Employment Opportunities

It is the policy of BCBSF that applicants for employment are recruited, selected and hired on the basis of individual merit and ability with respect to positions being filled and potential for promotions or transfers which may be expected to develop. Our continued success depends upon the full and effective utilization of qualified persons regardless of race, color, religion, national origin, disability, sex, age, sexual orientation, veteran status or marital status. We further commit ourselves, through our Affirmative Action Program, to employ, advance in employment and otherwise treat qualified individuals according to their ability and without



discrimination. We have a continuing obligation to hire and develop the best people we can find - basing our assessment upon their job-related qualifications - because it is morally right, legally required and makes good business sense.

Furthermore, all employment decisions and practices, including, but not limited to, those with regard to recruitment, hiring, training, compensation, benefits, promotions, transfers, corrective action, corporate-sponsored educational, social and recreational programs and terminations, are to be administered with due regard to job performance, experience and qualifications. The company will not tolerate any employment-related discriminatory practices.

Standard of Conduct

BCBSF's Standard of Conduct Policy requires its employees conduct themselves during work hours and while on BCBSF premises in a manner that promotes the safety and welfare of employees, encourages a cooperative environment and protects personal rights and corporate property. BCBSF's Standard of Conduct Policy will be administered in a fair, consistent and uniform manner with recognition of the dignity and respect to which each employee is entitled. In like manner, each employee is expected to treat his or her fellow employees, BCBSF subscribers and the public with the respect and dignity to which they are entitled.

BCBSF prohibits harassment, including sexual harassment of its employees by supervisors, co-workers or non-employees. Prohibited "sexual harassment" includes any unwelcome sexual overtures, advances, requests for sexual favors, and other verbal, physical, or written conduct of a sexual nature in any of three situations:

- When submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- When submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or
- When such conduct has the purpose or effect of creating an intimidating, hostile or offensive working environment.

Use of Corporate Assets

BCBSF assets are to be used solely for the benefit of the company. BCBSF employees are responsible for assuring company assets are used only for valid company purposes. Company assets include equipment, inventory, corporate funds, supplies, corporate data, concepts, business strategies and plans, financial data and other information about BCBSF's business. These assets may not be used to provide personal gain for BCBSF employees or others. BCBSF employees may not transfer any company assets to other persons or entities, except as required in the ordinary course of business. Employees should report incidences of lost, damaged or stolen assets to their management, Safety and Security, Technology Risk Management or the Corporate Compliance and Ethics Office.

Question:

The company pays for me to go to school. I use my PC after work hours to do my assignments. Is this ok?

Answer:

Probably, as long as the use is not interfering with work. You need to check with your management on departmental guidance.

Question:

Is it ok for me to email my son at school?

Answer:

Maybe. Email is primarily for business use. Check with your management on departmental guidance and review the Internet and Email Use Policy. Remember email is not private.



Internet and Email Usage

The company allows professional and limited personal use of BCBSF email accounts and Internet access capabilities. Limited personal Internet and email use involves occasional, brief activities and must not interfere with job responsibilities. Internet and email access capabilities are provided to employees at the sole discretion of management. All users must exercise sound judgment when accessing these resources.

To be absolutely clear, all existing laws, regulatory requirements and company policies apply to your conduct on the Internet and when using your BCBSF email account, especially (but not exclusively) those that deal with intellectual property protection, privacy, misuse of company resources, standards of conduct, sexual harassment, information and data security and confidentiality. In any questionable situation, management's judgment will prevail and appropriate action will be taken.

Any transmission of Restricted Information via the Internet or email must be accomplished securely using approved encryption capabilities, such as secure email or secure file transfer, or as otherwise defined in the Enterprise Architecture and Standards. Business units required to send Protected Health Information (PHI) and/or other restricted confidential/proprietary data to outside entities over the Internet must utilize approved mechanisms after verifying signed Business Associate and/or other legal agreements are in place.

BCBSF monitors usage of email and Internet capabilities to ensure compliance with policy and standards of use and to identify and prevent inappropriate or malicious content. Employees should not expect the use of the Internet or the content of files or emails to be private. Further, delivery of email is not guaranteed; monitoring may result in the deletion or quarantining of any email content. All usage may be logged and retained and may be monitored at any time.

Question:

My daughter is in Girl Scouts. Is it ok for me to sell cookies at work?

Answer:

Selling of any item during work time and / or in work areas is not allowed.

Solicitation and/or Distribution of Literature

To prevent disruption of business activities, to minimize distractions for all employees, and to preserve company security and confidentiality, distribution of literature or solicitation of funds by employees and non-employees is prohibited in accordance with the following:

- Solicitation and/or distribution of literature by non-employees on company property are prohibited at all times.
- Solicitation by employees on company property during work time is prohibited.
- Distribution of literature by employees is prohibited within

working areas at all times, within non-working areas during the employees' working time and within public lobbies whenever such lobbies are open to the public.

Solicitation is defined as selling, vending, making or collecting contributions of money or signatures, or engaging in verbal persuasion or delivering merchandise. Prohibited solicitations include, but are not limited to, solicitations for political or charitable contributions, memberships in organizations or for merchandise of any nature, except as authorized by the company.

Substance Abuse

The company recognizes the dangers the use of alcohol and/or drugs can have on the performance of its employees and on the safety and security of its work environment. An employee under the influence of such substances represents a danger to himself/herself, to



others and to property. In order to maintain productivity, and especially to protect the safety and well being of all employees, direct action must be taken when employees are under the influence of drugs and/or alcohol, or when employees are dispensing drugs and/or alcohol on company property.

BCBSF also recognizes drug and/or alcohol abuse (“substance abuse”) is treatable and is committed to making an effort to assist current employees who may be experiencing problems due to substance abuse by helping them understand the negative impact and correct it, while supporting approved rehabilitation efforts, as defined by this policy.

Additionally, as a federal contractor, the company is obligated under the “Drug-Free Workplace Act of 1988” to establish and to communicate its policy on drug and alcohol use to all employees and to report any employee’s conviction of work-related drug activities. It is the policy of the company to maintain a drug-free workplace. As a condition of continued employment, all employees must abide by the terms of this policy.

The use, sale, manufacture, distribution, purchase, possession, dispensing, or being under the influence of illegal drugs, non-prescribed controlled substances or alcohol on company property, while on company business or while operating a company-owned or leased vehicle, is strictly prohibited. Employees found to be in violation of this policy (including refusal to submit to testing) will be subject to corrective action, up to and including termination of employment. Any illegal drugs found on company property will be turned over to appropriate law enforcement authorities.

In order to detect the use of these substances, as described above, employees may be directed to submit to a urinalysis drug test, a blood test or a breath test. Individuals under the influence of alcohol or with illegal or non-prescribed drugs in their system are in violation of this policy and will be subject to corrective action, up to and including termination of employment.

The use of alcoholic beverages as part of a company function or assignment, paid for or reimbursed by the company, must be approved in advance by the sponsoring Division’s Vice President. The authorization of alcoholic beverages at such functions does not relieve employees from the responsibility of exercising moderation and judgment so as not to represent a danger to themselves, other employees, the general public or the company’s reputation.

Employees experiencing problems as a result of substance abuse should contact the Employee Relations Department and/or the Employee Assistance Program for referral for treatment and/or counseling. This discussion will be kept confidential and will have no influence on appraising an employee’s job performance. Job performance alone, not the fact that an employee seeks treatment is to be the basis of all performance evaluations. At the company’s discretion, an employee may be granted paid medical leave to undertake drug or alcohol rehabilitation treatment. The employee must cooperate fully with the approved treatment and/or counseling program and will not be permitted to return to work until a satisfactory release from the treatment program is presented to the Employee Relations Department certifying that the employee is capable of returning to work and has met the requirements of the program to date.

Weapons or Firearms

Weapons of any type are not permitted to be carried or in a Company office facility at any time except by local, state, and federal law enforcement officers acting in the line of duty. A BCBSF employee who believes another employee is carrying a weapon or firearm, or sees a weapon or firearm being displayed in the work place or on company property, should immediately contact his or her supervisor, Safety and Security or Employee Relations.



Work Related Charges or Indictments

Any BCBSF employee who is charged with, indicted or convicted of an offense committed on company property, or an offense related to or adversely affecting his or her employment, must report this information to Employee Relations or the Corporate Compliance and Ethics Office no later than five (5) days after such charge, indictment or conviction. In the case of an officer of the company, the officer must report any such charge, indictment or conviction to the Senior Vice President of Human Resources.

Any BCBSF employee who is the subject of a suspension, debarment or exclusion or proceeding is required to report this information to Employee Relations or the Corporate Compliance and Ethics Office within five (5) days of such action or proceeding.

Arrests on Company Property or While on Company Business

An employee who is arrested on company property or while on BCBSF business must report that arrest to Employee Relations within five (5) days of the arrest. In the case of an officer of the company, the officer must report such an arrest to the Senior Vice President of Human Resources.

Safety and Health

BCBSF and its individual employees are responsible for maintaining a safe and healthy work environment. BCBSF is committed to protecting the environment and minimizing the impact of its operations on the land, air and water. All BCBSF employees have a responsibility to abide by safe operating procedures, to guard their own and their fellow employees' health and to maintain and utilize pollution control systems. It is BCBSF's policy to comply with all laws and regulations affecting safety, health and environmental protection. BCBSF employees must comply with BCBSF's fire, safety, health and security regulations, e.g., BCBSF's procedures for handling and managing hazardous chemicals and its asbestos management program.

Employees must report to their supervisor's conditions they perceive to be unsafe, unhealthy or hazardous to the environment. Employees must report violations of the asbestos management program to the BCBSF Occupational Hazards Specialist. The BCBSF Occupational Hazards Specialist must report all such violations to the Corporate Compliance and Ethics Office. In the event of a fire, employees must activate the fire alarm or notify the Security Desk (at extension 1-1111).

Corporate Contracting

BCBSF procures a myriad of products and services from third parties in order to effectively administer the business of providing services to company customers. The procurement of products and services is governed by appropriate, integrated written contracts or agreements by and between the company and external entities or persons that clearly, completely and effectively set forth certain obligations and rights of the parties to the agreement. A written agreement is essential to protect the competitive, financial and legal position of the company.

Agreements may only be signed by an officer of the company (vice president level or higher) who has the authority for the functional business in BCBSF. Any BCBSF employee who has questions regarding contract compliance should consult with Legal Affairs or the Corporate Compliance and Ethics Office.



ATTACHMENTS

CORPORATE COMPLIANCE AND ETHICS PROGRAM DESCRIPTION

A copy of the program description may be found on the CompassSM Intranet website.

POLICY REPOSITORY

A copy of all policies may be found on the Policy Repository Intranet website.



PRINT VERSION JANUARY 2009