MEDICARE COMPLIANCE AND FRAUD, WASTE AND ABUSE PLAN

Alignment Healthcare

LETTER FROM THE PRESIDENT

DEAR ALIGNMENT HEALTHCARE ASSOCIATES,

Alignment Healthcare USA is strongly committed to ethical and legal conduct in the operation of our business, the provision of health care services, and the participation in government health care programs. As part of Alignment Healthcare USA's commitment to legal and ethical conduct and business practices, we have adopted standards to uphold these principles. These standards are the basis for the Alignment Healthcare USA Compliance Program, which are enumerated and described in the documents that comprise the Compliance Program, including this "Compliance and Fraud, Waste, and Abuse Plan," the Alignment Healthcare USA code of business conduct and ethics ("Code of Conduct"), and related policies and procedures that implement the Compliance Program.

Every employee, including management and directors, must make a personal commitment to adhere to our Compliance Program. Alignment Healthcare USA does not tolerate unethical, non- compliant, or criminal conduct by employees or contracted entities or individuals with whom we do business. You are a vital part of the effort to detect, report, correct and prevent non-compliance as well as possible fraud, waste, and abuse; it is everyone's responsibility!

Every day, we must preserve and strengthen our commitment to total excellence in the operation of our business, including acting in a manner that maintains the standards of legal and ethical conduct that we have adopted as part of our Compliance Program.

Dawn Maroney
President, Markets

Alignment Healthcare

COMPLIANCE PROGRAM OVERVIEW

As a Medicare Advantage Organization, Alignment is required to adopt and implement an effective Compliance Program, which must include measures to prevent, detect and correct Part C or D program non-compliance as well as fraud, waste and abuse (FWA), as per the Centers for Medicare and Medicaid Services' (CMS) interpretation of the Compliance Program requirements and related provisions for Medicare Advantage Organizations (MAO) and Medicare Prescription Drug Plans (PDP).

An effective Compliance Program is one that meets the regulatory requirements set forth at 42 C.F.R. §§422.503(b)(4)(vi) and 423.504(b)(4)(vi), including standards of conduct, general Medicare Advantage compliance, and detection and prevention of FWA. We must all apply the principles outlined in these regulations and guidelines to all relevant decisions, situations, communications and developments in performing our job duties with Alignment. Any new CMS rule-making or interpretive guidance (e.g., annual call letter or Health Plan Management System (HPMS) guidance memoranda) may update the guidance provided in this document. **Policies must be updated to adhere to new rule making and CMS guidance according to stipulated timelines, and all staff must be trained on the changes timely.**

APPLICABILITY

This Medicare Compliance Program applies to Alignment Healthcare USA, LLC and each of its subsidiaries and affiliates, including any employees, officers, directors and contracted first tier, downstream and related entities (FDRs).

GOALS OF THE

MEDICARE COMPLIANCE PROGRAM

Alignment's Medicare Compliance Program is designed to enhance the quality, productivity and efficiency of our operations; significantly reduce the probability of improper conduct; and ensure compliance with state, federal and company requirements, including but not limited to detecting and preventing fraud, waste and abuse.

COMPLIANCE IS EVERYONE'S RESPONSIBILITY.

Adherence to compliance and ethical standards is part of the job performance evaluation criteria for all Alignment employees, officers, Directors and FDRs. Failure to comply with these requirements is viewed seriously and will subject individuals and entities to disciplinary action, up to and including termination of employment or contract. Alignment has developed policies and procedures that describe how the duties and obligations of Alignment are to be performed. Alignment employees are required to know, understand, and follow all policies and procedures that apply to their work, and to seek clarification from their supervisor if they have any questions.

Alignment's Medicare Compliance Program strives to build and foster a culture of compliance by fulfilling four primary goals:

- Demonstrate our commitment to compliance and ethical and legal business conduct.
- Prevent, identify and correct non-compliant practices and fraud, waste, and abuse.
- Develop and implement internal controls and processes to promote compliance with State and Federal laws and regulations.
- Establish an environment of open communication that encourages employees, officers, directors and FDRs to identify and report potential non-compliant or fraudulent activities without fear of retaliation.

To achieve these goals, Alignment has established a Medicare Compliance Program, which is comprised of the following key components:

1. THE ALIGNMENT CODE OF CONDUCT defines and articulates the guiding principles of business conduct applicable to all activities conducted by Alignment management, staff, Board directors and FDRs. It is a condition of employment or contracting with Alignment to read, understand and abide by the principles outlined in the Alignment Code of Conduct through signed attestation. The Code of Conduct is reviewed at least annually and updated to incorporate changes in applicable laws, regulations, and other program requirements. The Code of Conduct

is then reviewed and approved by the Alignment Board of Directors.

2. THE ALIGNMENT MEDICARE COMPLIANCE AND FRAUD, WASTE, AND ABUSE (FWA) PLAN provides guidance for the development, implementation, and evaluation of the Compliance Program activities at Alignment. The structure of the Plan is based upon the United States Sentencing Commission's (USSC) Seven Elements of an Effective Compliance Program (Section XIII of the Federal Sentencing Guidelines) as recommended by CMS and the Department of Health and Human Services' Office of Inspector General (OIG) for Compliance Program structure. It is the responsibility of each employee, officer, Director and FDR to comply with the Compliance Plan in order to detect, correct, deter, and prevent instances of non-compliance or FWA.

It is a condition of employment or contracting with Alignment to read, understand and abide by the principles outlined in the Alignment Medicare Compliance and Fraud, Waste, and Abuse (FWA) Plan through signed attestation.

3. COMPLIANCE/FWA POLICIES AND PROCEDURES describe the processes used by Alignment to implement the compliance and FWA detection, reporting, correction and prevention activities described in the Alignment Compliance and FWA Plan. Alignment's Compliance policies and procedures are designed to:

- Describe compliance requirements and company expectations.
- Implement the operation of the Compliance Program.
- Provide guidance to employees, Board members and FDRs on dealing with suspected, detected or reported compliance issues.
- Identify how to communicate compliance issues to appropriate compliance personnel.
- Describe how suspected, detected or reported compliance issues are investigated and resolved.

A COMPLIANCE CULTURE MEANS WE MUST ALL WORK TOGETHER

- Understand the rules we operate by.
- Detect, Report and Prevent Non-Compliance or FWA.
- Articulate and demonstrate Alignment's commitment to compliant, legal and ethical conduct.

CODE OF CONDUCT

The Alignment Code of Conduct stipulates the standards of behavior that are expected of management, staff, Board directors and FDRs in the performance of their duties. It gives guidance in areas where staff needs to make personal and ethical decisions. The Code of Conduct does not attempt to provide a detailed and exhaustive list of what to do in every aspect of your work. Instead, it sets out standards of behavior expected and provides a broad framework that will help you decide on an appropriate course of action when you are faced with an ethical issue.

The Code of Conduct places an obligation on all of us to take responsibility for our own conduct and work with colleagues cooperatively to establish consultative and collaborative workplaces where people are happy and proud to work.

All new employees, Board directors and FDRs receive the Alignment Code of Conduct within 90 days of hiring or contracting, and at least annually thereafter. It is a condition of employment or contracting with Alignment to read, understand and abide by the principles outlined in the Alignment Code of Conduct through signed attestation.

The Code of Conduct is reviewed at least annually and updated to incorporate changes in applicable laws, regulations, and other program requirements. The Code of Conduct is then reviewed and approved by the Alignment Board of Directors.

A copy of the Code of Conduct may be obtained on the company intranet, through the HR Department, or by calling or e-mailing the Health Plan Compliance Officer.

WRITTEN POLICIES AND PROCEDURES

Alignment has developed written policies and procedures that are designed to help personnel and FDRs carry out their job functions in compliance with federal and state requirements. Compliance policies and procedures are located on the company intranet or may be obtained by contacting the Alignment Compliance Department. Alignment compliance policies and procedures are detailed and specific, and describe the operation of the Compliance Program, such as the compliance operating and reporting structure, compliance and FWA training requirements, the operation of the hotline or other reporting mechanisms, and how suspected, detected or reported compliance and potential FWA issues are investigated and addressed and remediated.

In writing your own department or business unit policies, keep in mind, all policies should follow a standard format to ensure consistency between policies. Compliance has a policy on policy writing, including a template. Below is a description of the information that should be included under each major heading.

POLICY NUMBER

For new policy drafts, this section should remain blank until a number is assigned. For revisions, this number will remain unchanged.

EFFECTIVE AND REVISED DATES

Each version must contain appropriate management signatures.

POLICY TITLE

Should capture the content of the policy; should not include the word "policy."

PURPOSE

A brief statement of the purpose of the policy which many include a basic explanation for the policy if not apparent on its face.

REGULATORY OR OTHER RELEVANT AUTHORITY

List of statute, regulation or other relevant authority governing the policy.

SCOPE

To who or what does the policy apply? For example, all employees, X department, etc.

RESPONSIBLE PARTY

List unit, department other pertinent area responsible for administering or enforcing policy.

DEFINITIONS

Uncommon words or words with meanings unique to higher education should be defined and listed in alphabetical order (the CMS Medicare Managed Care Manual chapters are an excellent source for relevant definitions).

Policies must be updated to adhere to new rule making and CMS guidance according to stipulated timelines in order to incorporate changes in applicable laws, regulations, and other program requirements. All staff must be trained on the changes timely.

DISTRIBUTION OF COMPLIANCE POLICIES AND PROCEDURES AND CODE OF CONDUCT

Alignment's compliance policies and procedures and Code of Conduct are distributed to all new employees, officers,

Board directors and FDRs within 90 days of hiring or contracting, and at least annually thereafter. During initial HR training, new employees and officers receive a hard copy of the Code of Conduct and Compliance and FWA Plan at the time of hire and electronic copies thereafter, posted on the company intranet. During the same training, individuals are educated on accessing HR and Compliance policies through the company intranet or by contacting the HR or Compliance Departments directly.

In order to communicate Alignment's compliance expectations for FDRs, we make our Code of Conduct and policies and procedures available to our administrative and clinical FDRs through the web portal, and hard copy. All FDRs are mailed a hard copy of the Code of Conduct at least annually. Alternatively, Alignment may ensure that its FDRs have acceptable, comparable and compliant policies and procedures and Standards of Conduct of their own, through periodic monitoring and auditing based on risk assessment.

COMPLIANCE OFFICER, OPERATIONAL COMPLIANCE COMMITTEE AND HIGH LEVEL OVERSIGHT

Alignment designates the Director of Compliance as the Plan Compliance Officer, who reports directly to the Alignment Vice President of Compliance and Regulatory Affairs. The Compliance Officer establishes and maintains an active Operational Compliance Committee whose members report directly and are accountable to other senior management.

The Alignment Compliance Officer, responsible and accountable for the overall and the day-to-day operations of the Plan Compliance Program, is an employee of Alignment's parent organization or affiliate. The Compliance Officer is never an employee of an FDR. Alignment's Compliance policies include a P&P setting forth and describing the duties and responsibilities of the Compliance Officer.

The Compliance Officer and the Operational Compliance Committee will periodically report directly to the Board of Directors on the activities and status of the Compliance Program, including issues identified, investigated, and resolved by the Compliance Program. Such reporting is prepared by the Compliance Officer, including meeting materials from the Operational Compliance Committee, and presented regularly by the Vice President of Compliance and Regulatory Affairs.

Alignment's Officers and Board Directors are knowledgeable about the content and operation of the company's Compliance Program and exercises reasonable oversight with respect to the implementation and effectiveness of the Compliance Program. This includes review and approval of the Code of Conduct and Compliance and FWA Plan, as well as regular and ad hoc reports related to ongoing compliance and auditing activity.

COMPLIANCE OFFICER DUTIES AND RESPONSIBILITIES

The Compliance Officer and the Operational Compliance Committee report directly to Alignment senior leadership and the Board of Directors on the activities and status of the Compliance Program, including issues identified, investigated, and resolved by the Compliance Program, the identification and resolution of suspected, detected or reported instances of non-compliance, and compliance oversight and audit activities.

Such reporting is prepared by the Compliance Officer, including meeting materials from the Operational Compliance Committee, and presented regularly by the Vice President of Compliance and Regulatory Affairs. The Compliance Officer's reports to the Alignment senior leadership and Board of Directors is normally made through this compliance infrastructure, however the Plan Compliance Officer has express authority to provide unfiltered, in-person reports to the company leadership and Board of Directors at his/her discretion.

The Compliance Officer, in his/her discretion,

need not await approval of the Board of Directors to implement needed compliance actions and activities, provided that those actions and activities, as appropriate, are reported to the Board and Operational Compliance Committee at the next scheduled meeting.

THE COMPLIANCE OFFICER OVERSEES THE MEDICARE COMPLIANCE DEPARTMENT, WHOSE RESPONSIBILITIES INCLUDE:

1. Overseeing and monitoring the implementation of the Compliance Program.
2. Amending the Compliance Program as needed to reflect changes in state and federal law and company policy.
3. Distributing the Code of Conduct, the Medicare Compliance/FWA Plan and written compliance and FWA policies and procedures that promote and pertain to Medicare compliance.
4. Developing, coordinating and conducting training and education for all employees, officers, Directors and FDRs that focuses on the elements of the Compliance Program and seeking to ensure that all appropriate individuals and entities are knowledgeable of and comply with Federal and State law and company policy.
5. Overseeing applicable business unit adherence to checking the Office of Inspector General (OIG) List of Excluded Individuals/Entities and the General Services Administration (GSA) list of debarred contractors for all Alignment employees, officers, Directors and FDRs at the time of hire/contract as well as annually, and ensuring documentation is maintained on the process.
6. Use of quantitative measurement tools (e.g., scorecards, dashboard reports, key performance indicators) to report, track and trend compliance with key Medicare operations.
7. Use of monitoring to track and review open/closed corrective action plans, FDR compliance, Notices of Non-Compliance, warning letters, CMS sanctions, completion/pass rates, etc.
8. Implementation of new or updated Medicare requirements (e.g., tracking HPMS memos and CMS annual Call Letter from receipt to implementation) including monitoring or auditing and quality control measures to confirm appropriate and timely implementation.
9. Management and review of departmental annual risk assessments, from which oversight, monitoring and audit activities will be scheduled for the coming year.
10. Overseeing monitoring activities, including analyzing performance data and metrics received from all Medicare operational departments.
11. Directing monitoring activities related to compliance and fraud, waste and abuse for all employees, officers, Directors and FDRs.
12. Leadership of the Operational Compliance Committee, including materials development and archiving, risk assessment and mitigation plan development, reporting of all incidents of non-compliance, FWA and associated corrective action, and presenting for committee approval compliance policies and program changes to be presented and recommended to the Board of Directors.

13. Through leadership of the Operational Compliance Committee's Audit Subcommittee, conducting internal audits of Medicare operational areas identified at risk of non-compliance through the annual risk assessment process, as well as ad hoc internal audits for areas in which issues are identified outside the annual risk assessment process.

14. Leading oversight of audits of Medicare activities conducted for FDRs that are identified as at risk of non-compliance.

15. Monitoring of policies and programs that encourage employees, officers, Directors and FDRs to report suspected non-compliance or FWA anonymously and without fear of retaliation.

16. Receiving and investigating instances and activities related to suspected compliance or FWA submitted by employees, officers, Directors, FDRs, members or any other entity or regulatory agency submitting such reports. This includes the development of appropriate corrective or disciplinary actions when necessary.

17. Responding to potential instances of Medicare FWA, including the coordination of investigations and the development of appropriate corrective or disciplinary actions when necessary.

18. Coordinating potential fraud investigations and referrals with the appropriate MEDIC and facilitating any document or procedural request that the MEDIC makes.

19. Developing, implementing and evaluating corrective actions resulting from confirmed non-compliance and/or FWA.

20. Enforcing appropriate and consistent disciplinary action, including termination of employment or contract, in conjunction with the corporate Human Resources department and senior leadership, against employees, officers, Directors or FDRs who have engaged in acts or omissions constituting non-compliance or acts of FWA.

21. Maintaining a document control system for all reports and operations of the Medicare compliance department and the Operational Compliance Committee, including minutes of meetings, audit and monitoring reports, disciplinary action, investigations, disclosures, government inspections and training activities.

OPERATIONAL COMPLIANCE COMMITTEE DUTIES AND RESPONSIBILITIES

PURPOSE AND AUTHORITY

The Operational Compliance Committee (Committee) is charged with oversight of monitoring, compliance, and ethics activities for the Medicare Compliance Program.

The Committee serves to advise the Compliance Officer and is accountable to provide regular compliance reports to executive leadership and the Board of Directors. The Committee has a duty to identify, prioritize, monitor, and support operational compliance with state, federal and company requirements, utilizing sound ethical standards.

THE COMMITTEE IS EMPOWERED TO:

- Assist the Board of Directors and executive leadership in monitoring compliance with legal and regulatory requirements.

- Oversee compliance risk assessments and monitor programs to efficiently manage those risks.
- Resolve any disagreements between management and the Committee regarding compliance.

RESPONSIBILITIES AND DUTIES

The Committee will meet at least four times a year, or more frequently as necessary, to enable reasonable oversight of the Compliance Program. The Committee's responsibilities include but are not limited to:

- Review and approve annual compliance training and ensure training and education are effective and appropriately completed.
- Assist with the creation and implementation of the compliance risk assessment and compliance monitoring and auditing work plan.
- Develop innovative ways to implement appropriate corrective and preventive action.
- Review effectiveness of internal controls designed to ensure compliance with Medicare regulations in daily operations.
- Support the Compliance Officer's needs for sufficient staff and resources to carry out his/ her duties.
- Ensure compliance policies and procedures are appropriate and up-to-date.
- Ensure there is a system for employees and FDRs to ask compliance questions and report potential instances of Medicare program non-compliance and potential FWA confidentially or anonymously without fear of retaliation or retribution.
- Ensure there is a system for enrollees to report potential FWA.
- Review and address reports of monitoring and auditing where there is a risk for program non-compliance or potential FWA and ensuring that corrective action plans are implemented and monitored for effectiveness.
- Provide regular and ad hoc reports on the status of compliance with recommendations to the Board of Directors and CEO.

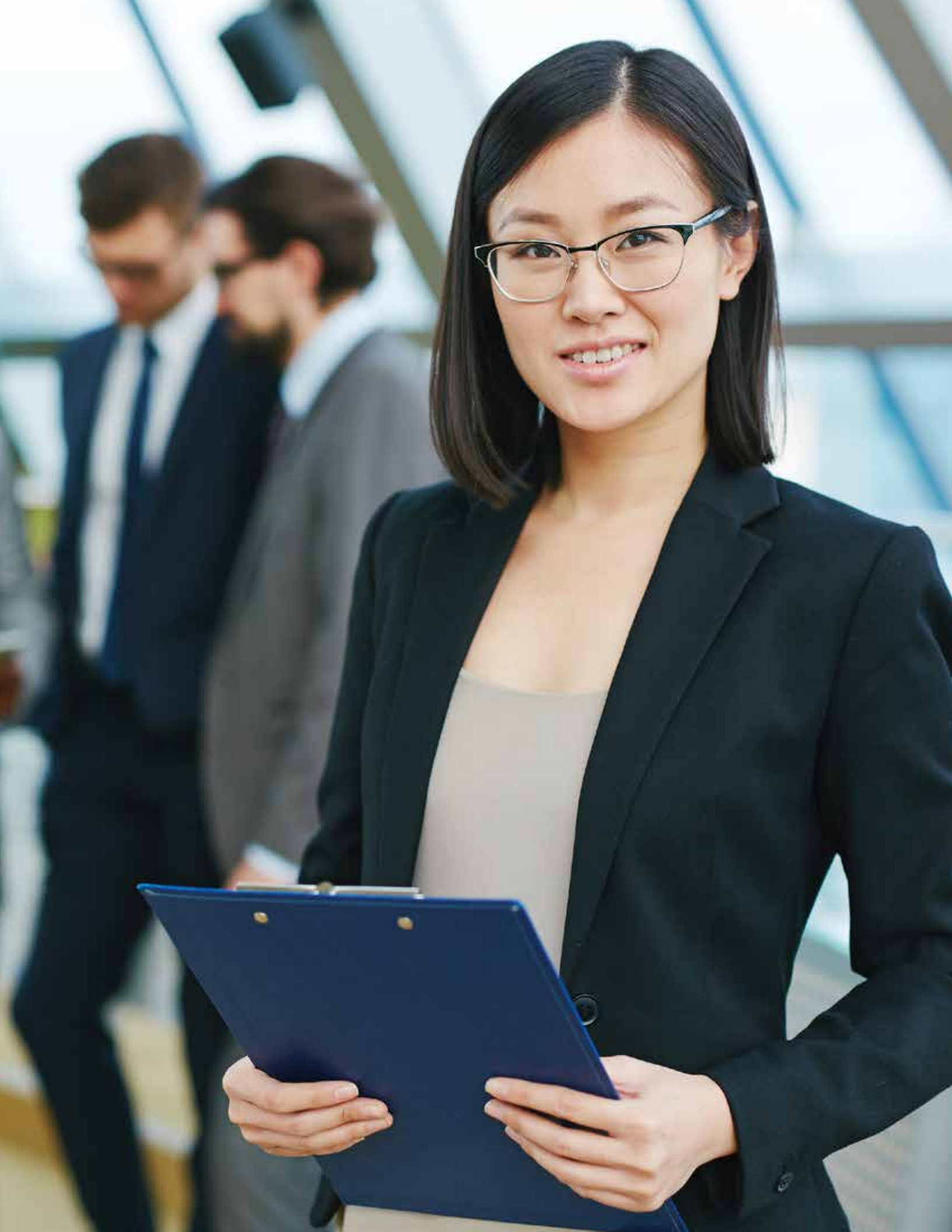
BOARD OF DIRECTORS ROLES AND RESPONSIBILITIES

The Board of Directors (Board) is accountable for reviewing the status of and exercising reasonable oversight with respect to the implementation and effectiveness of the Compliance Program. Board Directors receive Code of Conduct and general compliance and FWA training within 90 days of appointment. Additionally, the Compliance and Regulatory Affairs Department will provide customized education to the Board as to the structure and operation of the Compliance Program, as well as their roles and responsibilities in the Program. Directors are knowledgeable about compliance risks and strategies, understand the measurements of outcome, and are provided with sufficient reports, metrics, training etc. in order to gauge effectiveness of the Compliance Program.

BOARD OVERSIGHT OF THE COMPLIANCE PROGRAM INCLUDES, BUT IS NOT LIMITED TO:

- Approving the Code of Conduct (performed by the full governing body and not a committee).

- Understanding the Compliance Program structure.
- Remaining informed about the Compliance Program outcomes, including results of internal and external audits.
- Remaining informed about state and federal compliance enforcement activity such as Notices of Non-Compliance, Warning Letters and/or more formal sanctions.
- Receiving regularly scheduled, periodic updates from the compliance officer and Operational Compliance Committee; (via the Vice President of Compliance and Regulatory Affairs, or directly from the compliance officer at his/her discretion).
- Reviewing the results of performance and effectiveness assessments of the Compliance Program.



TRAINING AND EDUCATION

OVERVIEW

All Alignment Board Directors, employees, contractors and temporary employees, and FDRs shall receive General Compliance and FWA Training within 90 days of hire or contracting, and annually thereafter. The training will include Medicare requirements related to job function as well as information about good faith reporting of suspected compliance or FWA issues to the compliance hotline. The Compliance Department maintains documentation of all General Compliance Training sessions and FWA Awareness Training sessions, including a description of the training session, sign-in sheets, copies of the training materials, and name and credentials of the trainer(s).

GENERAL COMPLIANCE TRAINING

The Compliance Officer is responsible for ensuring the development, implementation, delivery, evaluation, and maintenance of compliance related training programs (e.g. general compliance, HIPAA, FWA, Code of Conduct, Medicare Part D, etc.). New employees receive an introduction to the Company's Code of Conduct and the Medicare Compliance and FWA Plan through new employee orientation and annually thereafter. It is a condition of employment or contracting with Alignment to read, understand and abide by the principles outlined in the Medicare Compliance and FWA Plan through signed attestation.

GENERAL COMPLIANCE TRAINING COMMUNICATES THE FOLLOWING:

- A description of the Compliance Program, including a review of compliance policies and procedures, the Code of Conduct, and Alignment's commitment to business ethics and compliance with all Medicare program requirements.
- An overview of how to ask compliance questions, request compliance clarification or report suspected or detected non-compliance. Training materials articulate confidentiality, anonymity, and non-retaliation for compliance related questions or reports of suspected or detected non-compliance or potential FWA.
- The requirement to report to the actual or suspected Medicare program non-compliance or potential FWA violation.
- Examples of reportable non-compliance that an employee might observe.
- A review of the disciplinary guidelines for non-compliant or fraudulent behavior. The guidelines will communicate how such behavior can result in mandatory retraining and may result in disciplinary action, including possible termination when such behavior is serious or repeated or when knowledge of a possible violation is not reported.
- Attendance and participation in compliance and FWA training programs as a condition of continued employment

and a criterion to be included in employee evaluations.

- A review of policies related to contracting with the government, such as the laws addressing gifts and gratuities for Government employees.
- A review of potential conflicts of interest and Alignment's system for disclosure of conflicts of interest.
- An overview of HIPAA/HITECH, the CMS Data Use Agreement, and the importance of maintaining the confidentiality of personal health information (PHI).
- An overview of the monitoring and auditing process.
- A review of the laws that govern employees' conduct in the Medicare program.

BUSINESS/JOB SPECIFIC TRAINING

The Compliance Officer will work with individual departments to provide guidance on job- specific compliance training for those individuals who require additional training in their particular areas of expertise. Job-specific compliance training may be provided:

- Upon appointment to a new job function
- When requirements change
- When employees are found to be noncompliant
- As a corrective action to address a non-compliance issue
- When an employee works in an area implicated in past FWA

Each department is responsible for developing and maintaining documentation of business/ job specific training sessions provided including attendance logs. The department may submit the attendance documentation to the Compliance Officer upon completion of the training or store the documentation in a secure and retrievable place for future audit review.

FRAUD, WASTE, AND ABUSE AWARENESS TRAINING

The Compliance Officer is responsible for providing and maintaining documentation of completion of the standardized FWA training and education module provided through the CMS Medicare Learning Network (MLN) at **http://www.cms.gov/MLNProducts**. All employees, officers, Directors and FDRs are to receive training within 90 days of hire or contracting and annually thereafter. In the case of FDRs, validation of comparable and compliance training materials and completion will be acceptable. In some instances, Alignment will accept customized training in response to circumstances surrounding potential FWA and specific functions performed by FDRs. Alignment also accepts FDRs' use and documentation of CMS' FWA online training to meet this requirement.

FDRs who have met the FWA certification requirements through enrollment into Parts A or B of the Medicare program or through accreditation as a supplier of DMEPOS are deemed to have met the FWA training and education requirements. No additional documentation beyond the documentation necessary for proper credentialing is required to establish that an employee or FDR or an employee of an FDR is deemed. In the case of chains, such as chain pharmacies, each individual location must be enrolled into Medicare Part A or B to be deemed.

LINES OF COMMUNICATION

AMONG THE COMPLIANCE OFFICER, OPERATIONAL COMPLIANCE COMMITTEE, EMPLOYEES, OFFICERS, DIRECTORS, AND FDRs

Alignment uses multiple media and delivery mechanisms to communicate information from the Compliance Officer to others. Communications include the Compliance Officer's name, office location and contact information; laws, regulations and guidance for employees, officers, Directors and FDRs, such as statutory, regulatory, and sub-regulatory changes (e.g., HPMS memos); and changes to policies and procedures, the Alignment Medicare Compliance and FWA Plan, and Code of Conduct. This includes information on the Compliance Hotline, with indications that this method is available 24 hours a day, 7 days a week, and a reporting individual may remain anonymous if desired.

Mechanisms use by Alignment to communicate such information include physical postings of information in break rooms, e-mail and fax blast distributions, internal and external websites, and individual and group meetings with the Compliance Officer. The dissemination of information from the Compliance Officer is made timely and to all appropriate parties.

COMPLIANCE REPORTING MECHANISMS

Alignment is committed to ethical and legal conduct that is compliant with all relevant state and federal laws and regulations and to correcting non-compliance wherever it may occur in the organization or with its contractors. Each employee has an individual responsibility for reporting any activity by any employee, officer, Director or FDR that appears to violate applicable laws, rules, regulations, company policies, guidance in the Medicare Compliance and FWA Plan, or the Code of Conduct. If a matter that poses serious compliance risk to the company has been reported, and if the reporting individual doubts that the issue has been given sufficient or appropriate attention, the individual should report the matter to higher levels of management described in this section or the Compliance Hotline. No employee will be subject to retaliation, retribution, or harassment for reporting a suspected violation made in good faith.

The Company is committed to investigating all reported concerns promptly and confidentially to the extent possible. The Compliance Officer is responsible for leading, tracking and closing all investigations, recommends corrective action or changes that need to be made to senior management. It is expected that all employees, officers, Directors and FDRs will cooperate with investigation efforts.

EMPLOYEES

You play a vital role in protecting the integrity of the company and the Medicare Program. Immediately report suspected non-compliance or FWA to a supervisor, manager, or another management member within your specific reporting structure. If you are uncomfortable about raising concerns directly to a supervisor or if a concern has already been raised and not addressed, employees should report their concerns to one of the following:

- Next level of management in the reporting structure
- Human Resources
- Compliance Officer – **Cindy Lynch** via email at **clynch@ahcusa.com** or via phone at **657-218-7713**
- Compliance Hotline at **844-215-2444 (hotline available 24 hour a day/ 7 days a week, and reports may be made anonymously)**
- Via **www.reportlineweb.com/ahc**

If you choose to make your complaint anonymously to the Hotline, the Alignment record systems will contain no information that could trace the complaint to you. This lack of contact information, however, may prevent Alignment's comprehensive review of the complaint. So, Alignment encourages you to provide contact information for possible follow-up.

You play a vital role in protecting the integrity of the company and the Medicare Program. When in doubt, call the Compliance Hotline at 844-215-2444 or report via www.reportlineweb.com/ahc or contact the Plan Compliance Officer, Cindy Lynch directly!

MANAGEMENT

Company executives, managers, and supervisors are responsible for taking appropriate measures to ensure support of employee reporting actual or suspected compliance or FWA issues. To this end, management will ensure that employees understand that they:

- Have an obligation to raise compliance concerns and issues to the appropriate parties.
- May seek clarification and guidance on compliance related issues from management or the Compliance Officer.
- May report compliance related issues anonymously and without fear of retaliation.

Senior Management also maintains an "open door" policy to support and encourage employee reporting of compliance-related issues or concerns, to ensure that reports of questionable practices are handled as confidentially as possible, and to take issues that cannot be resolved to a higher level of management.

FDRs

The methods available for reporting compliance or FWA concerns and a non-retaliation policy must be publicized throughout the FDR's facilities. FDRs that partner with multiple sponsors may train their employees on the FDR's reporting processes including emphasis that reports may be made directly to Alignment when applicable. Alignment has adopted and enforces a no-tolerance policy for retaliation or retribution against any FDR who in good faith reports suspected non-compliance or FWA. To this end, FDRs must ensure their employees understand that they:

- Have an obligation to raise compliance concerns and issues to the appropriate parties.
- May seek clarification and guidance on compliance related issues from the FDR, Alignment management or the Alignment Plan Compliance Officer.
- May report compliance related issues anonymously and without fear of retaliation.

FDRs should ensure their employees know how to report suspected non-compliance or FWA either through the appropriate FDR management or directly to Alignment using to one of the following mechanisms:

- Alignment leadership
- Alignment Compliance Officer – **Cindy Lynch** via email at **clynch@ahcusa.com** or via phone at **657-218-7713**
- Compliance Hotline at **844-215-2444 (hotline available 24 hour a day/ 7 days a week, and reports may be made anonymously)**
- Via **www.reportlineweb.com/ahc**

FDRs play a vital role in protecting the integrity of the company and the Medicare Program. When in doubt, contact Cindy Lynch, the Alignment Plan Compliance Officer directly!

If you choose to make your complaint anonymously to the Hotline, the Alignment record systems will contain no information that could trace the complaint to you. This lack of contact information, however, may prevent Alignment's comprehensive review of the complaint. So, Alignment encourages you to provide contact information for possible follow-up.

Alignment maintains an "open door" policy to support and encourage FDRs reporting of compliance-related issues or concerns, to ensure that reports of questionable practices are handled as confidentially as possible, and to take issues that cannot be resolved to a higher level of management within their own organization.

COMPLIANCE OFFICER

The Compliance Officer is responsible for implementing and publicizing a reporting process that encourages employees to report compliance related concerns, maintain a system to document and track reported compliance issues, coordinate prompt review and investigation of all reported, known or potential violations, ensure follow-up on resolution of compliance issues and concerns, document all actions taken in response to a compliance issue report including any steps taken to address identified improper conduct, non-compliance or FWA if any, and report directly to the Compliance Committee and the Board of Directors on a regular basis regarding compliance issue-reporting activities.

COMPLIANCE HOTLINE

Alignment is committed to maintaining, as appropriate, confidentiality and anonymity for all individuals reporting suspected compliance or FWA issues, real or perceived. Employees are encouraged to seek guidance and report possible violations without fear of retaliation by addressing the issue first with their immediate manager or with any of the above contacts under Responsibilities: Employees. If after doing so, you are still unable to address the issue, you may initiate an incident report directly through the **Compliance Hotline at 844-215- 2444** or **www.reportlineweb.com/ahc**

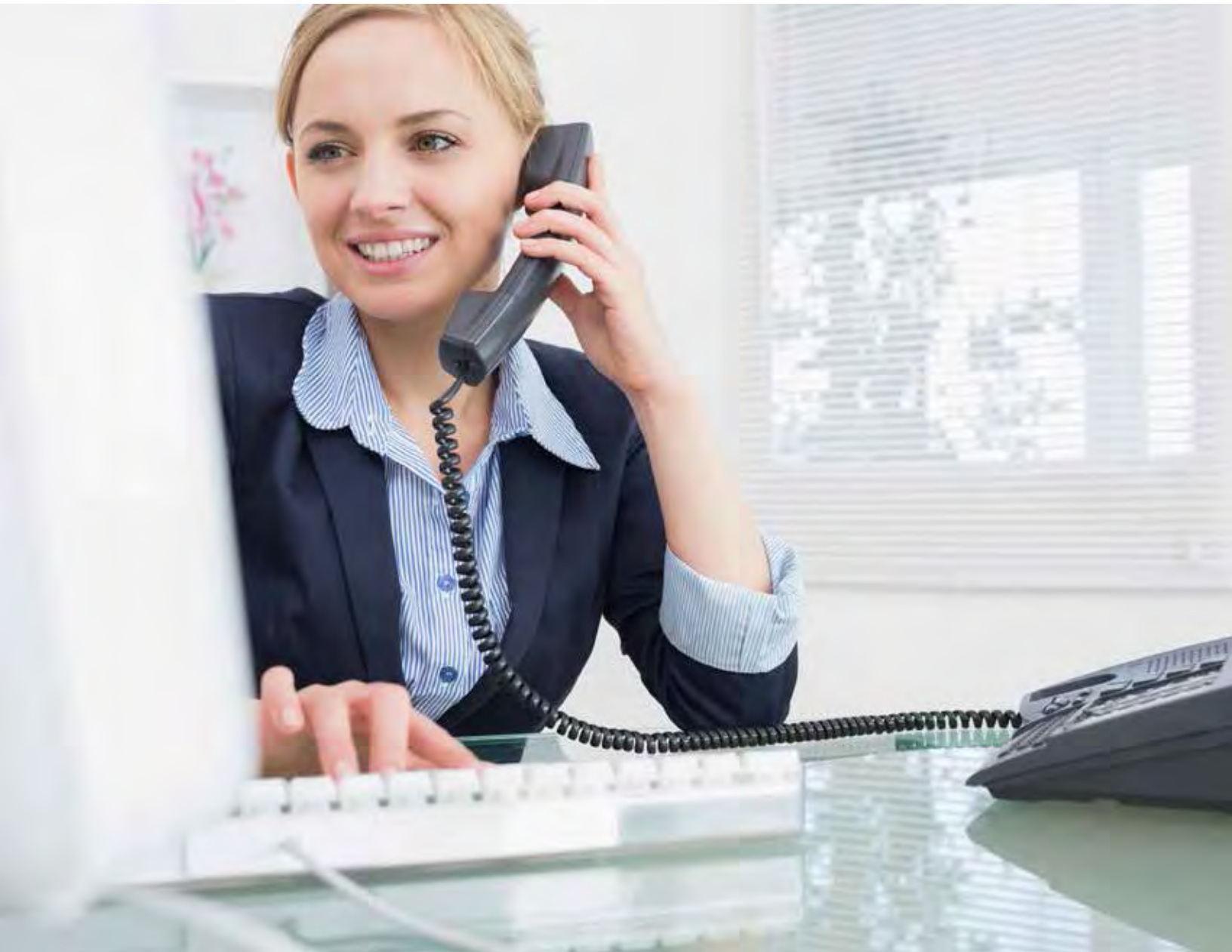
Any employee, officer, director or FDR may remain anonymously or may choose to reveal their identity to the Compliance Department when reporting a potential compliance issue.

When reporting a potential compliance issue, individuals should be prepared to provide detailed information without which it may not be possible to properly investigate the issue.

If you choose to make your complaint anonymously to the Hotline, the Alignment record systems will contain no information that could trace the complaint to you. This lack of contact information, however, may prevent Alignment's comprehensive review of the complaint. So, Alignment encourages you to provide contact information for possible follow-up.

MEMBER COMMUNICATION AND EDUCATION REGARDING POTENTIAL FWA

Alignment provides information to its members about the identification and reporting of potential FWA through various mechanisms including information published on the Alignment Health Plan website. Members may report suspected FWA to the Alignment Compliance Officer, through its anonymous hotline, or directly to Medicare.



DISCIPLINARY STANDARDS

The effectiveness of Alignment's compliance effort is generally tied directly to our ability to affect the conduct of each individual within the organization, as well as our contracted FDRs. In many instances the Compliance Program's success will be achieved one individual at a time. All individuals involved in the work of Alignment, regardless of position or contract, are accountable for compliance, are subject to the standards, and are expected to fully participate in the compliance effort.

Alignment has well-publicized disciplinary standards through the implementation of HR and Compliance procedures which encourage good faith participation in the Compliance Program by all affected individuals. These standards include policies that:

- Articulate company expectations for reporting suspect non-compliance or FWA issues and assisting in their resolution.
- Identify non-compliance or unethical behavior.
- Provide for timely, consistent, and effective enforcement of the standards when non-compliance, FWA or unethical behavior is determined.

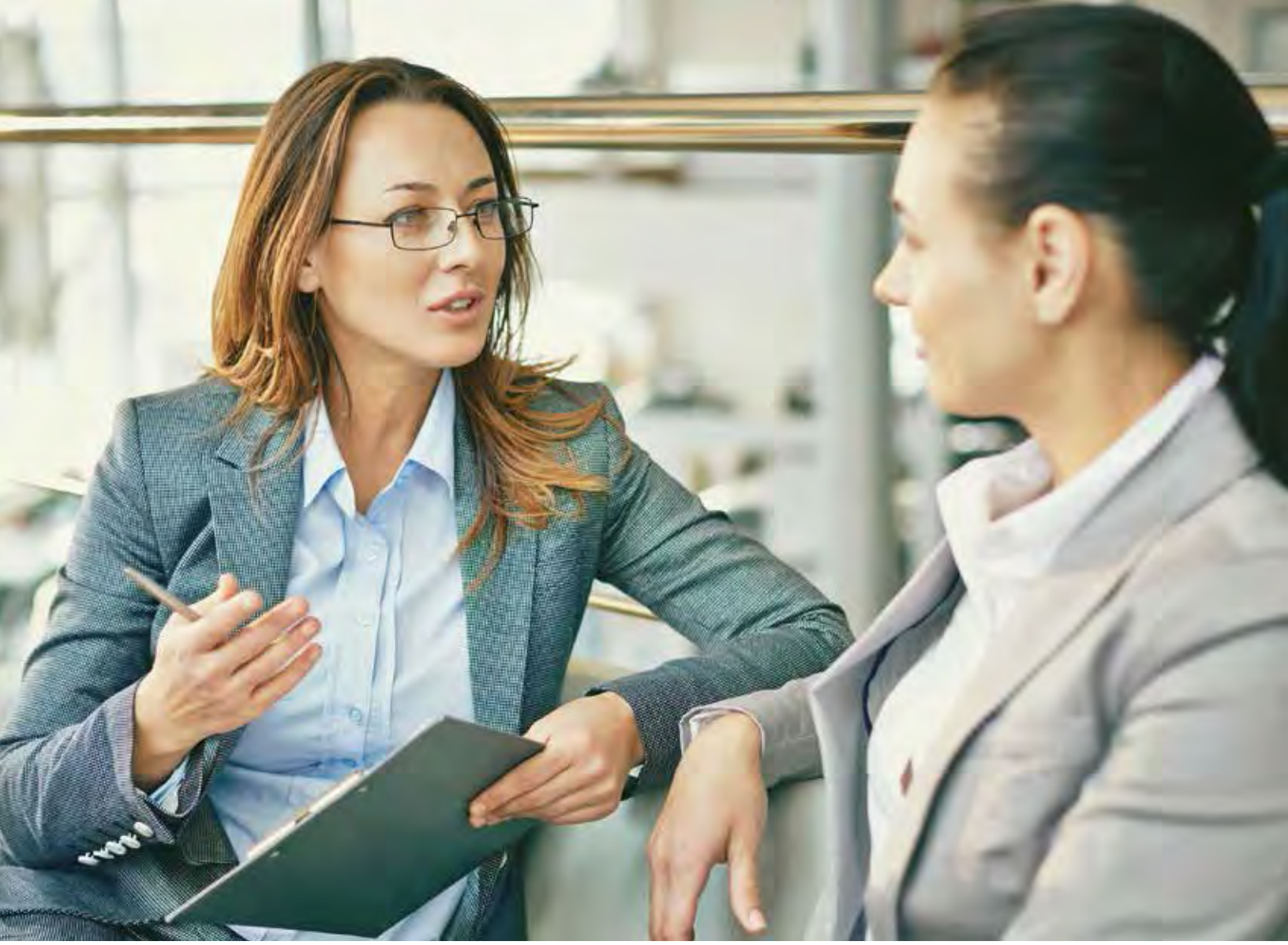
To encourage good faith participation in the Compliance Program, Alignment publicizes disciplinary standards for employees and FDRs. The standards include the duty and expectation to report issues or concerns. The following are examples of the types of publication mechanisms that could be used:

- Notification upon hire or contracting
- Direct mailing
- Posters in the facilities
- Brochure hand-outs during orientation and to existing employees
- Alignment Health Plan website
- AHC intranet
- Badge stickers for all employees
- In the Code of Conduct and Compliance Plan
- Compliance Week activities
- Employee newsletters
- Member newsletters
- Provider manuals

Non-compliance with the Compliance Plan, relevant laws, or regulations may subject employees, and FDRs to disciplinary action. The precise discipline utilized will depend on the nature, severity, and frequency of the non-compliance and may result in any or all of the following actions:

- Verbal counseling
- Written reprimand
- Corrective action plan
- Suspension of employment or contract
- Termination of employment or contract

Examples of violations are, but not limited to:



- Violation of State or Federal Law, including FWA
- Violation of Alignment Code of Conduct
- Violation of Alignment Medicare Compliance and FWA Plan
- Violation of application Alignment Policies and Procedures
- Willful or Negligent Supply of False Information
- Failure to Report Criminal Conduct
- Failure to Report Compliance Plan Misconduct
- Failure to Take Appropriate Action

Below are some examples of indicators of potential violations. All individuals who suspect these or similar activities must report via any of the mechanisms provided in this Compliance Plan or the Code of Conduct.

- The plan:
  - offers cash inducements for beneficiaries to enroll
  - leads the beneficiary to believe that the cost of benefits are one price, only for the beneficiary to find out that the actual costs are higher
  - encourages/supports inappropriate risk adjustment submissions

INVESTIGATION AND REMEDIATION

INVESTIGATIONS

The Compliance Officer is responsible for leading, tracking and closing all investigations, recommends corrective actions or changes that need to be made to senior management. To the extent that the monitoring activities reveal conduct which could potentially constitute violations of the Alignment Code of Conduct, Medicare Compliance and FWA Plan, failure to comply with applicable state or federal law, and other types of misconduct, Alignment has an obligation to investigate the conduct in question immediately to determine whether any such violation has occurred, take action to discipline the person or persons involved, and correct the problem. It is expected that all employees, officers, Directors and FDRs will cooperate with investigation efforts.

Any suspected non-compliance or FWA report through the Compliance Hotline or any other mechanism is sent to the Compliance Officer for tracking, investigation and corrective or disciplinary action as necessary and applicable. All incidents receive a response (unless anonymous).

The extent of the investigation will vary depending upon the concern. The assigned department will document responses to requests for information in investigations conducted and forward the findings to the Compliance Officer who will include a summary of the results in the Compliance Program Status Report that is submitted quarterly to the Operational Compliance Committee and Executive Team. Under no circumstance is retaliation for discussing a compliance concern acceptable, which includes questions and concerns an employee discusses with an immediate manager, oversight authority, or Compliance Officer.

Issues reported that are not compliance related will be addressed by the assigned investigating department (i.e., reported issues constituting non-compliance with the Employee Handbook, applicable employment law, or other Alignment HR policies, will be addressed by Human Resources). Processes and procedures have been documented and are to be followed for investigation and documentation of compliance issues.

REMEDIATION

The Compliance Officer develops a remediation plan when a compliance violation is detected. The plan is designed to prevent a recurrence of the violation. Remediation plans are developed on a case-by-case basis and may include:

- Additional or modified training and education
- Corrective action
- Development of new policies, processes and procedures
- Revision to existing policies, processes and procedures
- Revision to the Compliance Plan

- Additional monitoring and auditing
- Reporting to clients and/or outside agencies

The Compliance Officer is involved in the development of all remediation plans that:

- Result from a significant compliance violation
- Affect multiple business units or shared services departments
- Involve revisions or additions to the Compliance Plan or company-wide policies and procedures

SYSTEM FOR TRACKING AND MANAGING INCIDENTS

Alignment has a system in place to ensure all inquiries into incidents of potential non-compliance or FWA are conducted timely, well documented and performed reasonably. This includes ensuring appropriate corrective and/or disciplinary action is taken. The company's incident management system ensures consistent investigative processes, archiving, reporting and analysis. Whether we receive a report from an anonymous call, letter or email, or we identify a control weakness as part of a compliance risk assessment, we have a process in place that includes triaging and management of the issue from investigation through resolution. For all reported or identified incidents of suspected non-compliance/FWA violations, this investigation system links all important features in one location, including secure, anonymous hotline, email reporting, policy and procedure linking, investigating and tracking through risk mitigation/corrective action.

Some features of the incident management system include:

- Fully integrated with policies, remediation tools and corrective/preventive action plans.
- Centralized repository to track and triage all incidents.
- Case details for in-depth view into case activities, including status, risk, priority, and due date.
- Data protection and user access restrictions so our end-users only have access to the data they need to ensure that sensitive data is not compromised.

Reporting a compliance violation to an external agency (i.e., HHS, CMS, OIG, DOJ, etc.) must be coordinated through the Compliance Officer and General Counsel prior to reporting. The Compliance Officer monitors settlement of issues reported to outside authorities.

It is against Alignment company policy for employees or FDRs to be retaliated against for their participation in this process. This includes questions and concerns an employee discusses with an immediate manager, oversight authority, or Compliance Officer.

Remediation of compliance issues will be managed by a Corrective Action Plan.

CORRECTIVE ACTION PLAN

Corrective action shall be imposed by means of facilitating the overall Compliance Plan goal of full compliance. Corrective action plans are designed to assist Alignment Healthcare executives, managers, employees, and contractors to understand specific issues and reduce the likelihood of future non-compliance. However, corrective action shall be sufficient to effectively address the particular instance of non-compliance

and should reflect the severity of the non-compliance and the employee's past adherence to compliance standards.

Corrective Action Plans (CAP) must be designed to correct the underlying problem that results in program violations and to prevent future non-compliance. A root cause analysis determines what caused or allowed the non-compliance incident or FWA to occur. A corrective action must be tailored to address the particular FWA, problem or deficiency identified, and must include timeframes for specific achievements.

Alignment's Compliance Officer, working with the individual business units responsible for oversight and monitoring of delegated functions, will ensure that FDRs CAPs are developed, issued and implemented in a manner that corrected their deficiencies. Elements of a CAP should be detailed in writing and include ramifications if the FDR fails to implement the corrective action satisfactorily. Also, Alignment/FDR contracts contain language that details the ramifications of failing to maintain compliance or engaging in FWA, such as contract termination, and financial penalties.

In order to ensure that the FDR has implemented the corrective action, the Compliance Officer and business units should conduct independent audits or review the FDR's monitoring or audit reports, and will continue to monitor corrective actions to ensure compliance going forward.

The elements of the corrective action that address non-compliance or FWA committed either by Alignment's employee(s) or FDRs will be documented, and include disciplinary action, up to and including termination of employment or contract, should the individual or entity fail to satisfactorily and timely implement the corrective action. Alignment will enforce effective correction through disciplinary measures, including employment or contract termination, if warranted.

SELF-REPORTING POTENTIAL FWA AND SIGNIFICANT NON COMPLIANCE

CMS strongly encourages self-reporting as an important practice in maintaining an effective Compliance Program. Alignment's Compliance Officer will conduct an analysis of all incidents of non-compliance and FWA to determine beneficiary impact, materiality and severity and make a recommendation to senior management regarding self-reporting

potential FWA discovered at the plan level or FDRs, as well as significant Medicare program non-compliance.

Where Alignment makes a determination to notify the MEDICs of potential FWA in accordance with the guidelines described below, the MEDICs will refer potential FWA to law enforcement when appropriate. Issues that are referred to the NBI MEDIC and are determined not to be potential FWA will be returned to the Plan to be addressed. Sponsors are required to investigate potential FWA activity to make a determination whether potential FWA has occurred. Sponsors must conclude investigations of potential FWA within a reasonable time period after the activity is discovered. If after conducting a reasonable inquiry, and reviewing the recommendation of the Compliance Officer, a determination is made that potential FWA related to the Medicare programs has occurred, the matter will be referred to the NBI MEDIC promptly.

The Compliance Officer may also consider reporting potentially fraudulent conduct to other government authorities such as the OIG or the Department of Justice.

FRAUD, WASTE AND ABUSE (FWA)

Alignment is responsible for avoiding engaging in any acts of fraud, waste and abuse (FWA), detecting and reporting FWA. Individuals who identify potential or actual FWA should report their concern via any of the mechanisms in the Compliance Hotline section of this Code of Conduct.

Fraud is defined as intentionally submitting false information to the government or a government contractor in order to get money or a benefit. Waste and abuse are defined as Requesting payment for items and services when there is no legal entitlement to payment. Unlike fraud, the provider has not knowingly and/or intentionally misrepresented facts to obtain payment.

There are differences between fraud, waste, and abuse. One of the primary differences is intent and knowledge. Fraud requires the person to have an intent to obtain payment and the knowledge that their actions are wrong. Waste and abuse may involve obtaining an improper payment, but does not require the same intent and knowledge.

Examples of actions that may constitute Medicare fraud include:

- Knowingly billing for services not furnished or supplies not provided, including billing Medicare for appointments that the patient failed to keep
- Billing for non-existent prescriptions
- Knowingly altering claim forms, medical records, or receipts to receive a higher payment

Examples of actions that may constitute Medicare waste include:

- Conducting excessive office visits or writing excessive prescriptions
- Prescribing more medications than necessary for the treatment of a specific condition
- Ordering excessive laboratory tests

Examples of actions that may constitute Medicare abuse include:

- Billing for unnecessary medical services
- Billing for brand name drugs when generics are dispensed
- Charging excessively for services or supplies
- Misusing codes on a claim, such as up coding or unbundling codes

NBI MEDIC

Medicare Drug Integrity Contractors (MEDIC) are organizations that CMS contracts with to perform specific program integrity functions for Parts C and D under the Medicare Integrity Program. The MEDIC's primary role is to identify potential fraud and abuse in Medicare Part C and Part D. There is currently one National Benefit Integrity (NBI) MEDIC.

NBI MEDICs will investigate referrals from sponsors, develop the investigations, and make referrals to appropriate law enforcement agencies or other outside entities when necessary. The NBI MEDIC will keep the sponsor apprised of the development and status of the investigation. If the NBI MEDIC determines a referral to be a matter related to non-compliance or mere error rather than fraud or abuse, the matter will be returned to CMS and/or the sponsor for appropriate follow-up. Alignment's Compliance Officer upon completion of review of cases involving potential fraud or abuse may determine a need to report an incident that meet any of the following criteria to the NBI MEDIC:

- Suspected, detected or reported criminal, civil, or administrative law violations
- Allegations that extend beyond the Parts C and D plans, involving multiple health plans, multiple states, or widespread schemes
- Allegations involving known patterns of fraud
- Pattern of fraud or abuse threatening the life or well-being of beneficiaries
- Scheme with large financial risk to the Medicare Program or beneficiaries

EFFECTIVE SYSTEM

FOR ROUTINE MONITORING, AUDITING AND IDENTIFICATION OF COMPLIANCE RISKS

ROUTINE MONITORING AND AUDITING

Alignment maintains monitoring and auditing processes and protocols for internal processes as well as oversight of FDRs ensure compliance with Medicare regulations, sub-regulatory guidance, contractual agreements, and all applicable Federal and State laws, as well as internal policies and procedures.

MONITORING ACTIVITIES are regular reviews performed as part of normal operations to confirm ongoing compliance and to ensure that corrective actions are undertaken and effective.

AN AUDIT is a formal review of compliance with a particular set of standards (e.g., policies and procedures, laws and regulations) used as base measures, using CMS auditing protocols where appropriate and available.

Alignment's Compliance Officer, along with the Compliance Department and operational Compliance Committee has developed and maintains a monitoring and auditing work plan that addresses the risks associated with the Medicare Parts C and D benefits. A separate monitoring and auditing work plan is maintained for functions delegated to FDRs. These work plans are developed utilizing risk assessments, CMS actions including audit actions, notices of non-compliance and warning letters, and areas routinely considered as potential risk areas, such as contracted broker sales.

Alignment has a Monitoring and Auditing Subcommittee of the operational Compliance Committee. This subcommittee has representatives from all business units. The Compliance Officer, or designee, will lead this subcommittee and receives regular reports from departments who are conducting audits, regarding the results of auditing and monitoring and the status and effectiveness of corrective actions taken. All CAPs from internal and FDR auditing are reported to the operational Compliance Committee. The Compliance Officer, or designee, provides updates on monitoring and auditing results to the operational Compliance Committee and the Vice President of Compliance and Regulatory Affairs. The Compliance Officer is responsible for ensuring distribution of the information to the CEO, senior leadership and the Board.

SYSTEM FOR IDENTIFYING AND ASSESSING RISK AREAS

Alignment's Compliance Officer and Compliance Committee have established P&Ps and methodologies to conduct an assessment of major compliance and FWA risk areas, through a risk assessment tool. Each business unit, including the Compliance Department is responsible for conducting a baseline risk assessment at least annually, and to communicate ongoing risk mitigation activities to the operational Compliance Committee as applicable. Factors that business units may consider in determining

the risks associated with their specific area include, but are not limited to:

- Size of department
- Complexity of work
- Amount of training that has taken place
- Past compliance issues
- Budget

The results of the risk assessment inform the development of the monitoring and audit work plan. The risk assessment must include factors such as CMS actions including audit actions, notices of non-compliance and warning letters, and areas routinely considered as potential risk areas. CMS identifies the following areas as being of particular concern:

- Marketing and enrollment violations, agent/broker misrepresentation, selective marketing
- Enrollment/disenrollment non-compliance
- Credentialing, quality assessment, and appeals and grievance procedures
- Benefit/formulary administration, transition policy, protected classes policy
- Utilization management, accuracy of claims processing, detection of potentially fraudulent claims
- FDR oversight and monitoring

Risks identified by the risk assessment are ranked to determine which risk areas will have the greatest impact on the company and potentially the members or the Medicare Program. The Compliance Officer will be responsible, along with the Monitoring and Auditing Subcommittee, for prioritizing the monitoring and auditing strategy accordingly. Risks change and evolve with changes in the law, regulations, CMS requirements and Alignment operational matters. Therefore, there must be ongoing review of potential risks of non-compliance and FWA and a periodic re-evaluation of the accuracy of the sponsor's baseline assessments. Risk areas identified through CMS audits and oversight, as well as through the sponsor's own monitoring, audits and investigations are priority risks.

DEVELOPMENT OF THE MONITORING AND AUDITING WORK PLAN, INCLUDING AUDIT SCHEDULING

Once the risk assessment has been completed, The Compliance Officer, along with the Audit Subcommittee, will develop the monitoring and auditing work plan. The work plan will include:

- Audits to be performed
- Audit schedules, including projected start and end dates
- Audit methodology
- Types of audit: desk or onsite
- Person(s) responsible and audit lead
- Projected final audit report due date to Compliance Officer
- Follow up activities from findings, including corrective action plan

Corrective action and follow-up will be led or overseen by the Compliance Officer and assisted, if desired, by the compliance department staff. This includes development and implementation of corrective action plans as well as conducting follow-up reviews of areas found to be non-compliant to determine if the implemented corrective actions have fully addressed the underlying

problems. The Compliance Officer will make recommendations as to corrective/disciplinary action to the operational Compliance Committee, the Vice President of Compliance and Regulatory Affairs, and HR when appropriate. Additionally the Compliance Officer will determine external actions such as reporting findings to CMS or to the NBI MEDICs, if necessary.

The work plan must include a schedule that lists all of the monitoring and auditing activities for the calendar year. The Compliance Officer and Monitoring and Audit Subcommittee may organize the schedule by month or quarter. Dates for audits may need to be adjusted as other factors influence workload.

The Compliance Officer and Monitoring and Auditing Subcommittee will designate audit leads. For internal audits, the individuals conducting the audit cannot be part of the department being audited. However and internal business unit may lead an audit of a delegated entity for the same function. All audit leads should prepare a standard audit report that includes items such as:

- Audit objectives;
- Scope and methodology;
- Findings (including conditions, criteria, cause, effect and beneficiary impact analysis)
- Recommendations

Statistically valid sampling and auditing methodology will be applied; including using CMS audit protocols and templates when available.

MONITORING AND AUDITING FDRs, INCLUDING WORK PLAN DEVELOPMENT

Alignment is responsible for the lawful and compliant administration of the Medicare Compliance Program under its contracts with CMS, regardless of whether we delegate some of that responsibility to FDRs. To that end, Alignment will also audit its first tier entities. Alignment uses a combination of desk and on-site audits, including, as appropriate and as permitted by contractual agreements, unannounced audits or "spot checks" when developing the work plan. A separate FDR auditing and monitoring work plan is developed for FDRs.

The Compliance Officer and Operational Compliance Committee are responsible for the development of a strategy and subsequent work plan to monitor and audit Alignment's first tier entities to ensure compliance with all applicable laws and regulations, and to ensure that the first tier entities are monitoring the compliance of the entities with which they contract (the "downstream" entities). The FDR audit work plan will include the number of first tier entities that will be audited each year and how the entities will be identified for auditing.

Since Alignment has a large number of first tier entities, making it impractical and/or cost prohibitive to audit all first tier entities for all Compliance Program requirements, the Compliance Officer and Operational Compliance Committee will perform a risk assessment to identify its highest risk first tier entities, then select a reasonable number of first tier entities to audit from the highest risk groups. Monitoring of first tier entities for Compliance Program requirements includes an evaluation to confirm that the first tier entities are applying appropriate Compliance Program requirements to downstream entities with which the first tier contracts.

When FDRs perform their own audits, the Compliance Officer and Operational Compliance Committee will obtain a summary of the audit work plan and audit results that relate to the services the FDR

performs and incorporate those results into future risk assessment and audit planning of the first tier entity.

The Compliance Officer will ensure that CAPs are implemented and tracked; ensuring timely corrective actions are taken by the entity when applicable.

TRACKING AND DOCUMENTING COMPLIANCE AND COMPLIANCE PROGRAM EFFECTIVENESS

The Compliance Officer and Compliance Department, with guidance and assistance from the Operational Compliance Committee, is responsible for tracking and documenting all company compliance efforts. In addition to formal audits and monitoring, the Compliance Officer will provide ongoing compliance dashboards, scorecards, self-assessment tools, etc. utilizing systems such as the Online Monitoring Tool™ (OMT™), a compliance software designed to help organizations operating in Medicare, Medicaid and the Health Insurance Marketplace to track the compliance of their operations with modules developed specifically for MA and Part D sponsors to address distinct operational and compliance needs, and other mechanisms that show the extent to which operational areas and FDRs are meeting compliance goals. Compliance of operational areas are tracked by management and publicized to employees. Issues of non-compliance identified in dashboards, scorecards and self-assessment tools, etc., will be shared with senior management and the Board. The Compliance Officer will complete a self-assessment no less than annually, in preparation for audit of the effectiveness of the Compliance Program. A department or entity other than the Compliance and Regulatory Affairs Department will utilize this assessment, as well as other mechanisms (such as tracer audits, policy review, Committee meeting materials review, etc.) to annually conduct an audit of the Alignment Compliance Program's effectiveness in accordance with CMS standards and protocols.

OIG/GSA EXCLUSIONS

Alignment and all Medicare Advantage Organizations are prohibited from using federal funds to pay for services, equipment or drugs prescribed or provided by a provider, supplier, employee or FDR excluded by the DHHS OIG or GSA. Medicare payment may not be made for items or services furnished or prescribed by an excluded provider, individual or entity.

Alignment must review the DHHS OIG List of Excluded Individuals and Entities (LEIE list) and the GSA Excluded Parties Lists System (EPLS) prior to the hiring or contracting of any new employee, temporary employee, volunteer, consultant, Board member, or FDR, and monthly thereafter, to ensure that none of these persons or entities are excluded or become excluded from participation in federal programs.

Monthly screening is essential to prevent inappropriate payment to providers, pharmacies, and other entities that have been added to exclusions lists since the last time the list was checked. After entities are initially screened against the entire LEIE and EPLS at the time of hire or contracting, sponsors need only review the LEIE supplement file provided each month, which lists the entities added to the list that month, and review the EPLS updates provided during the specified monthly time frame.

In some cases, an organization or individual may be excluded altogether from participating in Medicare, Medicaid, or any other federal or state healthcare program. This generally occurs when the Department

of Health and Human Services (DHHS) Office of Inspector General (OIG) does not believe that the organization or individual is trustworthy enough to adhere to federal and state healthcare program requirements and avoid fraudulent and abusive practices.

Any Alignment employee, officer, Director or FDR found on the OIG List of Excluded Individuals/ Entities (LEIE) may have their job duties altered as necessary to preclude those individuals from having any involvement with state or federal programs, or have their employment or contract terminated. OIG's LEIE includes all health care providers and suppliers that are excluded from participation in federal health care programs, including those health care providers and suppliers that might also be on the EPLS. In addition to health care providers (that are also included on the OIG LEIE) the EPLS includes non-health care contractors.

USE OF DATA ANALYSIS

FOR FWA PREVENTION AND DETECTION

Alignment utilizes multiple methodologies to perform effective monitoring in order to prevent and detect FWA through the use of data analysis. Claims, UM and Pharmacy Departments utilize personnel specifically trained to identify unusual patterns suggesting potential errors and/or potential fraud and abuse. Data analysis includes monitoring pharmacy and medical billing and utilization to detect unusual patterns. Alignment also uses a contracted entity to perform data analysis for Part C claims. This vendor analyzes data to detect potential FWA, including inappropriate billing, overpayments, and potential DRG up coding.

Alignment's methodology for analysis enables the company to recognize unusual trends, changes in drug utilization over time, physician referral or prescription patterns, and plan formulary composition over time.

Additionally our Part C and D claims data analysis is used to identify potential errors, inaccurate TROOP accounting, and provider billing practices and services that pose the greatest risk for potential FWA to the Medicare program including identifying overutilization, problem areas with data submission or finance and to identify potential problem areas with FDRs.

RECORD MANAGEMENT

CREATION, RETENTION, AND DESTRUCTION

The Compliance Officer is responsible for management of documents generated pursuant to the Compliance Plan and Operational Compliance Committee (including any and all subcommittees), including meeting minutes, investigatory documents, reports, supporting documentation, and authoritative documentation. These materials, are maintained according to the guidelines below:

RETENTION:

All records developed in accordance with the operation of this Plan are maintained for a minimum of ten (10) years. Provided there is any ongoing internal or external investigation, including client audits, CMS audits, OIG investigations, lawsuits, or similar actions, those records relevant to the action will be retained until the action in concluded. Documents may be retained for longer periods upon the decision of the Compliance Officer.

PRIVACY AND SECURITY:

The Compliance Officer, in conjunction with the company, will take reasonable steps to assure that the records are secured and retained in private. Such steps will include assurance that the Data and Record Retention and Destruction Process are equally secure. When implementing a protocol to maintain privacy and security, the Compliance Officer will assure that the protocol integrates steps to limit access to documents during the retention period to authorized individuals.

AUDITING

BY CMS OR ITS DESIGNEE

CMS has the discretionary authority to perform audits under 42 C.F.R. 44 422.504(e)

(2) and 423.505(e)(2), which specify the right to audit, evaluate, or inspect any books, contracts, medical records, patient care documentation, and other records of sponsors or FDRs that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under the contract or as the Secretary of Health and Human Services may deem necessary to enforce the contract.

All Medicare Advantage Organizations, including Alignment, must allow access to any auditor acting on behalf of the federal government or CMS to conduct an on-site audit. On-site audits require a thorough review of required documentation. Such reviews include any information needed to determine compliance with the Medicare Parts C and D regulations and contracts, such as copies of prescriptions, invoices, provider and pharmacy licenses, claims records, signature logs, records documenting delivery status by postal carrier, long-term care delivery notice to nursing staff, other forms of documentation of medication delivery, purchase records, contracts, rebate and discount agreements, as well as interviews of the staff.

The OIG has independent authority to conduct audits and evaluations necessary to ensure accurate and correct payment and to otherwise oversee Medicare reimbursement.

Alignment and its contracted FDRs will fully cooperate with such audits and provide records to CMS or its designee. We will cooperate in allowing access as requested. MEDICs and other contractors tasked to conduct audits by CMS, as well as contractors trained by CMS and engaged by Alignment to conduct CMS data validation audits, are acting on behalf of the federal government. Alignment and its FDRs are required to cooperate with CMS and CMS' contractors, such as the NBI MEDICs. This cooperation includes providing CMS and/or the NBI MEDICs or other contractors' access to all requested records associated in any manner with the Parts C or D program.

COMPLIANCE PLAN MAINTENANCE

UPDATING THE PLAN

In order to ensure an effective compliance plan, the Compliance Officer and operational Compliance Committee will periodically review the overall effectiveness of the compliance plan, no less than annually. In forming recommendations and conclusions about the compliance plan, the reviewers will consider, among other things, the ongoing review, trend analysis, increase or decrease in questionable practices, and other relevant issues. The Board of Directors has concurrent authority to review the efficacy of the compliance plan, the individual policies and procedures, and the performance of the Compliance Officer and operational Compliance Committee, and recommend changes and modifications. The Board of Directors will have exclusive authority for approving any changes to the compliance plan that would substantively affect the integrity of the plan or would constitute a material change to the overall compliance plan, or to any policy or policies comprising the plan. The Executive Team on its own authority, or upon a recommendation of the operational Compliance Committee, is authorized to make these types of amendments, changes, modifications, or revisions to the compliance plan.

Alignment Healthcare

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AlignmentHealthcare.com

January 2017

CODE OF CONDUCT

Alignment Healthcare

Our commitment to **ethical conduct** and compliance depends on all Alignment Healthcare USA personnel. If you find yourself in an ethical dilemma or suspect inappropriate or illegal conduct, you can use any of these reporting resources that you prefer or feel most comfortable with.

- Informing Alignment leadership, e.g. your manager, HR, legal, etc.
- Informing the Alignment Compliance Officer: **Cindy Lynch**
- Informing an Alignment Compliance and Regulatory Affairs Department team member
- Emailing the Compliance email box: **compliance@ahcusa.com**
- Anonymously via the Compliance Hotline weblink: **www.reportlineweb.com/ahc** (24/7/365)
- Calling the *anonymous* Compliance Hotline **844-215-2444** (24/7/365)

A MESSAGE FROM

JOHN KAO, CEO
ALIGNMENT HEALTHCARE USA

At Alignment Healthcare USA, establishing mutually beneficial partnerships is key to creating value for the US healthcare system. As a company, we are committed to providing focused and innovative approaches to the complex problems in delivering health care. In our efforts, employees, patients, regulators, physicians, care professionals, and other participants in the health care system expect – and deserve – honesty and integrity from Alignment at all times and in all matters.

Every day, Alignment defines itself through the actions of our employees and our leadership. Integrity is central to who we are, and my expectation is that we do the right thing, every time. Our standards of ethical behavior and Code of Conduct serve as the foundation of Alignment's Ethics and Compliance Program. They guide our actions, our decisions, and our operations.

Every day, guided by the highest standards of integrity, we are building strong, lasting relationships with our patients, business partners and providers by earning their trust, providing outstanding service and keeping our promises. Each day we must remember our commitment to keeping the people and organizations that use our services at the center of everything we do. By understanding and following the Code, you help safeguard Alignment's integrity and reputation as an ethical, caring company.

Together we will achieve greatness with dignity and pride.

Sincerely,

John Kao

Alignment Healthcare

INTRODUCTION

Alignment Healthcare USA is dedicated to adhering to the highest ethical standards. Common sense, good business judgment, ethical personal behavior, as well as compliance with applicable laws, policies and procedures are what we expect from all Alignment Healthcare USA employees, directors and contractors. The Code of Conduct details the fundamental principles, values and framework for action within the organization. It is intended to deter wrongdoing and promote:

- Honest and ethical conduct
- Compliance with all applicable governmental laws, rules and regulations
- Prompt internal reporting of violations and compliance concerns

The Code of Conduct is intended to provide a general overview of basic compliance concepts and to give guidance on acceptable behavior for Alignment Healthcare USA personnel, including all those who work on behalf of Alignment Healthcare USA; first-tier, downstream, and related entities (FDRs) — our personnel, vendors, physicians, and others affiliated with us or doing business in Alignment Healthcare USA facilities or offices.

While the specific provisions of the Code of Conduct cannot address every circumstance you may encounter, they underscore the basic principles that should guide all of our activities: good judgment, personal honesty and sound business ethics.

The Code of Conduct provides general guidelines of the Company's expectations regarding business dealings. Answering the following questions also may help you evaluate specific situations:

- Will my action comply with the intent and purpose of Alignment's policies and practices?
- Will I compromise myself or the reputation of Alignment by this action if it becomes known to my supervisor, colleagues or friends?

- Is this action honest in every respect?
- Could this action appear inappropriate to others, even if it is legal?

Regardless of the specific situation you face, the best course of action at all times is to be honest, forthright and compliant.

MISSION STATEMENT

Alignment Healthcare USA and its affiliates throughout multiple states provide patient care that is more convenient, accessible and better coordinated, thereby aligning each patient's individual healthcare needs with the most appropriate healthcare providers right in the community. This is possible thanks to the specially designed Alignment Healthcare USA Centers that we are introducing within the communities we serve. Our centers are home to a wide array of preventive health services, as well as the dedicated clinical teams, that act in coordination with each member's personal physician to provide needed treatment, screenings and care.

SCOPE

This Code of Conduct applies to Alignment Healthcare USA, LLC and each of its subsidiaries, related entities and affiliates ("AHC"), including:

- All officers, directors employees and temporary employees of AHC; and
- All clinical and administrative first tier and downstream contractors that perform functions in connection with AHC operations, including Related Entities ("FDRs").

PATIENT CARE

AHC is committed to providing high-quality patient care in the communities we serve and advocates a responsive management style, and a patient- first philosophy based on integrity and competence. We treat our patients with respect and dignity by providing high-quality, compassionate care in a clean and safe environment.

The Code of Conduct applies to all AHC personnel, including those who work on behalf of AHC — personnel, vendors, healthcare professionals, and all other personnel affiliated with AHC or doing business in our facilities and offices.

HEALTHCARE PROFESSIONALS:

The Code of Conduct applies to healthcare professionals who work with or are affiliated with AHC facilities. In addition to the guidelines set forth in the Code of Conduct, healthcare professionals are expected to carry and keep current, all required licenses and follow the ethical and professional standards dictated by their respective professional organizations and licensing boards.

LEADERSHIP RESPONSIBILITIES:

We expect our leaders to set the example — to be in every respect a role model. Our leaders should help to create a culture that promotes the highest standards of ethics and compliance. We must never sacrifice ethical and compliant behavior in the pursuit of business objectives.

CORPORATE COMPLIANCE:

DO THE RIGHT THING

AHC is committed to full compliance and expects its employees, directors and contractors to obey all applicable state, federal and local laws, to comply with AHC and facility policies and procedures, and to follow the guidelines in this Code of Conduct. Compliance is an important aspect of performance evaluations. A violation of this Code of Conduct, AHC policies and procedures, or any law or regulation will be handled through normal disciplinary procedures, and may lead to serious disciplinary action, up to and including immediate termination.

WHAT DOES IT MEAN AND WHY DO WE DO THE RIGHT THING?

Doing the right thing means following the rules and laws helps us to:

- Get paid correctly
- Improve the quality of patient care
- Protect patient safety
- Avoid sanctions and fines, e.g., Notices of Non-Compliance and civil monetary penalties

BEST PRACTICES FOR COMPLIANCE: A DESIGNATED COMPLIANCE OFFICER AND STAFF

The Compliance Officer and the compliance staff are responsible to:

- Develop, oversee, and monitor the program
- Create written standards that address AHC mission and compliance
- Develop on-going employee training programs related to Compliance (including the use of government training programs and web based training)
- Establish auditing and monitoring systems to track compliance performance
- Respond to compliance incidents or issues involving potential Medicare program non-compliance or potential FWA that arise at AHC
- Work closely to address employee questions and concerns about federal rules and regulations, and AHC compliance policies

AHC AND FACILITY POLICIES AND PROCEDURES:

AHC personnel are required to understand and follow all policies and procedures that apply to their work at AHC. If anyone has a question about the applicable legal, policy or procedural requirements, they should ask their supervisor. The AHC Compliance Program policies and procedures are available on the corporate intranet or the AHC Compliance Department.

CODE OF CONDUCT:

- Outlines the requirements to follow state and federal requirements
- Is a tool to help AHC personnel do the right thing
- Distributed to all employees, temporary employees, contractors, FDRs, and volunteers
- Read and understood by everyone and agree to abide by the rules
- Used as a reference when questions arise

CODE OF CONDUCT AND HR POLICIES OUTLINE AHC EMPLOYEE AND FDR COMPLIANCE RESPONSIBILITIES ABOUT:

- Legal and regulatory requirements that impact every job and function
- Compliance Hotline, toll-free, 24/7, completely anonymous
  - (844) 215-2444 or on-line: www.reportlineweb.com/ahc
- How complaints and non-compliance will be investigated
- Disciplinary actions when issues are identified
- Penalties for serious violations of the code

ON-GOING EDUCATION AND TRAINING

PURPOSE OF FEDERAL, STATE, AND LOCAL HEALTHCARE REGULATIONS:

- Ensure federal health program integrity
- Maintain the quality of patient care consistent throughout healthcare
- Help ensure proper use of taxpayers' healthcare dollars
- Encourage good management practices that benefit everyone

TRAINING THAT INCLUDES AN OVERVIEW OF COMPLIANCE PROGRAM REQUIREMENTS:

- Compliance risks that directly impact your specific job (medical necessity, documentation, privacy and confidentiality, coding and billing, etc.)
- Relationships with vendors about accepting gifts and gratuities
- Your role in the compliance process
- Consequences of non-compliance for you and AHC
- How to spot compliance violations
- Your duty to report concerns or misconduct

ON-GOING MONITORING AND AUDITING

All employees, directors and contractors have a duty to cooperate fully in all audits, inquiries, investigations or other reviews conducted by the Compliance Department, state or federal entities, outside advisors, consultants and/or counsel.

Full cooperation includes promptly, completely and truthfully complying with all requests for documents, information and interviews, including, but not limited to:

- retaining and producing, as requested, all potentially relevant corporate data, documents, files and records
- attending interviews and responding completely and truthfully to any and all interview questions

THE PURPOSE OF OVERSIGHT AND AUDITS IS TO:

- Evaluate how compliance is working
- Correct compliance errors and oversights
- Identify high-risk areas and make policy changes
- Identify and address potential misconduct or criminal activity before AHC is at risk

AUDITS ARE:

- Typically conducted annually by compliance department staff, employees who are not part of the department being audited, or outside auditors
- Formal reviews of how internal compliance policies uphold federal, state, and local laws, regulations, and rules

MONITORING IS:

- Conducted internally by each department on a regular basis to determine whether our Code of Conduct, training programs, and disciplinary actions are fulfilled
- Used to determine if a corrective action plan is working when non-compliance errors occur
- Used on a follow-up basis to determine if corrective actions are working

CORPORATE COMPLIANCE:

DO THE RIGHT THING

LAWS AND REGULATIONS:

HIPAA/HITECH

Privacy and security laws and regulations that protect patient information, including protected health information (PHI) under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009. Federal and state false claims statutes and whistleblower protections that serve as a key role in preventing and detecting fraud, waste, and abuse in the federal healthcare programs.

THE FALSE CLAIMS ACT AND WHISTLEBLOWER PROTECTIONS

As a provider of services under contracts with government programs (directly and indirectly), AHC is subject to federal and state false claims acts which prohibit submission of a false claim or making a false record or statement in order to gain reimbursement from and/or avoid an obligation to a government sponsored program such as Medicare or Medicaid.

AHC adheres with the federal False Claims Act (FCA) and any similar state laws that fight fraud and abuse in government healthcare programs. The FCA contains a qui tam or whistleblower provision, which permits a private person with knowledge of a false claim for reimbursement by a government agency to file a lawsuit on behalf of the U.S. government. In addition, there are individual state laws providing that persons who report fraud and abuse by participating healthcare providers in the Medicaid Program may be entitled to a portion of the recovery. Under both the FCA and similar state laws, there are protections against retaliation.

EXAMPLE

Below is an example of a violation of the FCA, and the associated penalty.

A Medicare Part C plan in Florida:

- Hired an outside company to review medical records to find additional diagnosis codes that could be submitted to increase risk capitation payments from the Centers for Medicare & Medicaid Services (CMS)
- Was informed by the outside company that certain diagnosis codes previously submitted to Medicare were undocumented or unsupported
- Failed to report the unsupported diagnosis codes to Medicare
- Agreed to pay $22.6 million to settle FCA allegations.

FRAUD, WASTE AND ABUSE (FWA)

AHC to the best of its knowledge and ability, avoid engaging in any acts of fraud, waste

and abuse (FWA), and must implement programs designed to prevent, detect and report (where applicable) FWA. Individuals who identify potential or actual FWA should report their concern via any of the mechanisms in the Compliance Hotline section of this Code of Conduct.

Fraud is defined as intentionally submitting false information to the government or a government contractor in order to get money or a benefit. Waste and abuse are defined as requesting payment for items and services when there is no legal entitlement to payment. Unlike fraud, the provider has not knowingly and/or intentionally misrepresented facts to obtain payment.

There are differences between fraud, waste, and abuse. One of the primary differences is intent and knowledge. Fraud requires the person to have an intent to obtain payment and the knowledge that their actions are wrong. Waste and abuse may involve obtaining an improper payment, but does not require the same intent and knowledge.

EXAMPLES OF ACTIONS THAT MAY CONSTITUTE MEDICARE FRAUD INCLUDE:

- Knowingly billing for services not furnished or supplies not provided, including billing Medicare for appointments that the patient failed to keep
- Billing for non-existent prescriptions
- Knowingly altering claim forms, medical records, or receipts to receive a higher payment

EXAMPLES OF ACTIONS THAT MAY CONSTITUTE MEDICARE WASTE INCLUDE:

- Conducting excessive office visits or writing excessive prescriptions
- Prescribing more medications than necessary for the treatment of a specific condition
- Ordering excessive laboratory tests

EXAMPLES OF ACTIONS THAT MAY CONSTITUTE MEDICARE ABUSE INCLUDE:

- Billing for unnecessary medical services
- Billing for brand name drugs when generics are dispensed
- Charging excessively for services or supplies
- Misusing codes on a claim, such as upcoding or unbundling codes

RELATIONSHIPS WITH FEDERAL HEALTHCARE BENEFICIARIES

Federal fraud and abuse laws prohibit offering or providing inducements to beneficiaries in government healthcare programs and authorize the OIG to impose civil money penalties (CMPs) for these violations. Government healthcare programs include Medicare, Medicaid, Veterans Administration and other programs. AHC personnel may not offer valuable items or services to these patients to attract their business (including gifts, gratuities, certain cost-sharing waivers, and other things of value).

CODING AND BILLING INTEGRITY

All billing practices as well as the preparation and filing of cost reports must comply with all federal and state laws and regulations as well as AHC and facility policies and procedures. Personnel will assist AHC in identifying and appropriately resolving any coding and billing issues or concerns. AHC will refund overpayments made by a federal healthcare program or other payers in accordance with applicable law.

RECORDS RETENTION REQUIREMENTS

MAINTENANCE OF AND ACCESS TO RECORDS

As a provider of services under contracts with government programs (directly and indirectly), AHC is subject to federal records retention requirements. The Department of Health and Human Services (DHHS), the Comptroller General, or their designees may audit, evaluate, or inspect any books, contracts, medical records, patient care documentation, and other records of the MA organization or relating to the MA organization's MA contract.

DHHS, the Comptroller General, or their designees may audit, evaluate, or inspect any books, contracts, medical records, patient care documentation, and other records of a related entity, contractor, subcontractor, or its transferee that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under the contract, or as the Secretary may deem necessary to enforce the MA contract.

As such, AHC must make available its premises, physical facilities and equipment, records relating to its Medicare enrollees, and any additional relevant information that CMS may require. Pursuant to these requirements, AHC must maintain the following types of books, records, documents, and other evidence of accounting procedures and practices for 10 years from the end date of an MA contract or the completion date of an audit, whichever is later.

- Records sufficient to accommodate periodic auditing of the financial records (including data related to Medicare utilization, costs, encounter data, and computation of the bid proposal);
- Records sufficient to enable CMS to inspect or otherwise evaluate the quality, appropriateness and timeliness of services performed under the contract and the facilities of the organization;
- Records sufficient to enable CMS to audit and inspect any books and records of the MA organization that pertain to the ability of the organization to bear the risk of potential financial losses, to services performed, or determinations of amounts payable under the contract;
- Records sufficient to properly reflect all direct and indirect costs claimed to have been incurred and used in the preparation of the bid proposal;
- Records sufficient to establish component rates of the bid proposal for determining additional and supplementary benefits;
- Records sufficient to determine the rates utilized in setting premiums for State insurance agency purposes, and for other government and private purchasers;
- Records relating to ownership and operation of the MA organization's financial, medical, and other record keeping systems;
- Financial statements for the current contract period and 10 prior periods;
- Federal income tax or informational returns for the current contract period and 10 prior periods;
- Asset acquisition, lease, sale, or other ownership issues;
- Agreements, contracts, and subcontracts;
- Franchise, marketing, and management agreements;
- Schedules of charges for the MA organization's fee-for-service patients;
- Documentation of matters pertaining to costs of operations;
- Documentation of amounts of income received by source and payment;
- Cash Flow statements; and

- Any financial reports filed with other Federal programs or State authorities;

This requirement includes allowing DHHS, the Comptroller General, or their designee to have access to facilities and records to evaluate through inspection or other means:

- The quality, appropriateness, and timeliness of services furnished to Medicare enrollees under the contract;
- The facilities of the MA organization; and
- The enrollment and disenrollment records for the current contract period and 10 prior contract periods.

DHHS, the Comptroller General, or their designee's right to inspect, evaluate, and audit extends through 10 years from the final date of the contract period or completion of audit, whichever is later unless:

- CMS determines there is a special need to retain a particular record or group of records for a longer period. CMS notifies the MA organization at least 30 days before the normal disposition date;
- There has been a termination, dispute, or fraud or similar fault by the MA organization, in which case the retention may be extended to six years from the date of any resulting final resolution of the termination, dispute, or fraud or similar fault; or
- CMS determines that there is a reasonable possibility of fraud, in which case it may inspect, evaluate, and audit the MA organization at any time.

ACCURATE BOOKS AND RECORDS

No business records, including records pertaining to the provision of health care services, should ever be falsified or altered. Alignment employees must not create or participate in creating records that have the effect of misleading or of concealing improprieties. In particular, no one may directly or indirectly:

- make or cause to be made a false or misleading statement or report
- fail to state, or cause another person to fail to state, any fact that, when omitted from a statement, renders that statement misleading
- otherwise be dishonest or deceptive in recording business transactions or maintaining records

If you are not sure about the accuracy or completeness of information, do not guess. Do what you can to find the correct information or discuss the situation with your supervisor.

INELIGIBLE PERSONS, EXCLUDED INDIVIDUALS AND ENTITIES:

AHC does not do business with, hire, or bill for services rendered by excluded or debarred individuals or entities. AHC personnel must report to their supervisor or human resources department immediately if they become excluded, debarred or ineligible to participate in any government healthcare program, or become aware that anyone doing business with or providing services for AHC has become excluded, debarred or ineligible.

MONITORING AND INVESTIGATION

AHC is committed to monitoring and timely investigations into compliance concerns relating to laws, regulations and/or AHC policies and procedures. When a violation is substantiated, AHC will initiate corrective action including, as appropriate, resolving overpayments, making required notifications to government agencies, implementing systemic changes to prevent recurrences, and instituting disciplinary action.

MEDICAL RECORDS

AHC strives to ensure medical records are accurate and provide information that documents the treatment provided, and supports the claims submitted. Tampering with or falsifying medical records, financial documents or other business records of AHC will not be tolerated. The confidentiality of patient records and information must be maintained in accordance with privacy and security laws and regulations that protect patient information, including protected health information (PHI) under HIPAA and HITECH and applicable state laws.

EMPLOYMENT

AHC promotes diversity and strives to provide a workplace environment that is in full compliance with all applicable employment-related laws as well as AHC and facility policies and procedures. It is AHC's policy to provide equal employment opportunities to all personnel, prospective and current, without regard to race, color, religion, sex, age, national origin, marital status, disability, or veteran status, and AHC will do its best to make reasonable accommodations for known disabilities. AHC personnel who have questions concerning or are aware of any breach of the Equal Employment Opportunity (EEO) guidelines, should contact the applicable human resources department. AHC prohibits workplace violence, threats of harm, and harassment of its personnel of any kind.

ENVIRONMENT AND WORKPLACE SAFETY

AHC expects its personnel to obey all state, federal and local environmental and workplace safety laws, regulations and rules, including those promulgated by the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA).

COMPLIANCE HOTLINE

AHC is committed to complying with all applicable laws and regulations, including those designed to prevent and deter fraud, waste and abuse. AHC personnel with knowledge of or who in good faith, suspect any wrongdoing are expected to promptly report the matter, using one of the mechanisms described in this section.

WHEN TO SEEK ADVICE

If you have a question or concern about a particular practice or activity, you should not speculate as to the correct answer. Individuals can seek advice in situations where they are unsure of whether to submit a report, including situations where:

- applicable policies seem difficult to interpret under the circumstances;
- the relevant laws or standards are complex;
- you have limited experience dealing with the subject matter; or
- you find yourself in a "gray area" and need guidance.

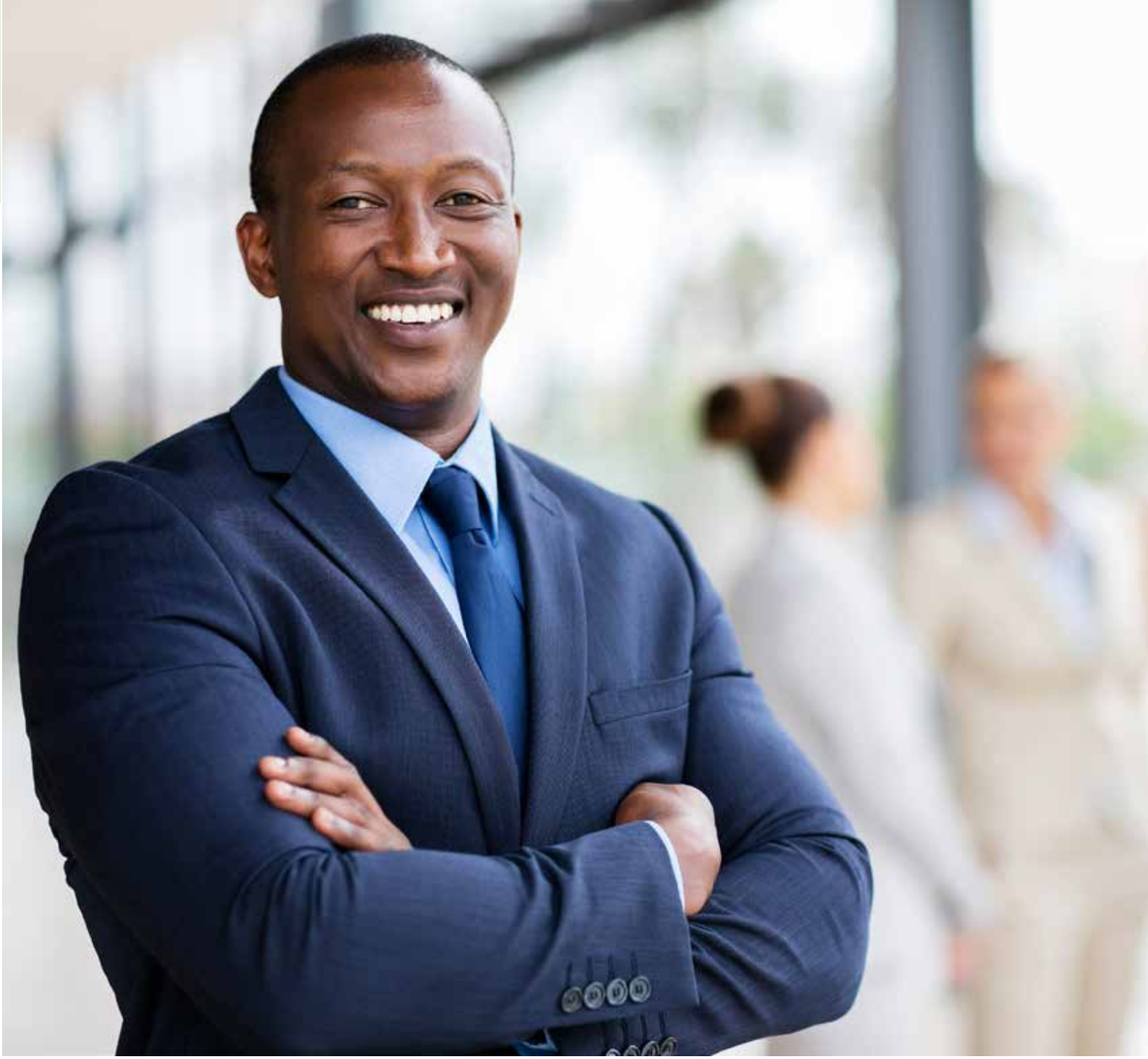
Alignment staff may ask questions about reporting violations or discuss the matter with:

- Alignment leadership, e.g. your manager, HR, legal, etc.
- The Alignment **Compliance Officer: Cindy Lynch**
- An Alignment Compliance and Regulatory Affairs Department team member

REPORTING SUSPECTED WRONGDOING

There are many ways to report suspected improper conduct. In most cases, concerns should be brought to the attention of a supervisor first. If this does not result in appropriate action, or if personnel are uncomfortable discussing these issues with their supervisors, they can use one or more of the other reporting methods described below.

- Informing Alignment leadership, e.g. your manager, HR, legal, etc.
- Informing the Alignment **Compliance Officer: Cindy Lynch**
- Informing an Alignment Compliance and Regulatory Affairs Department team member
- Emailing the Compliance email box: **compliance@ahcusa.com**
- Anonymously via the Compliance Hotline weblink: **www.reportlineweb.com/ahc** (24/7/365)
- Calling the *anonymous* Compliance Hotline **844-215-2444** (24/7/365)



All individuals are encouraged to use any of these reporting resources above they prefer or feel most comfortable with. Self-reporting is encouraged — anyone who reports their own wrongdoing or violation of law will be given due consideration in potential mitigation of any disciplinary action.

NON-RETALIATION

Alignment has zero tolerance for retaliation in any form against anyone who makes a good faith report of actual or suspected wrongdoing or cooperates in an investigation. Anyone who feels that they have been retaliated against should report this immediately, using any of the methods described in this section.

Alignment Healthcare

The Alignment Healthcare commitment to compliance and ethical conduct depends on all personnel. Should you find yourself in an ethical dilemma or suspect inappropriate or illegal conduct, remember the internal processes that are available for guidance or reporting, including reporting to your supervisor or using the toll-free compliance hotline at **(1-844-215-2444)** or via the internet at **www.reportlineweb.com/cchp** available 24/7.

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