



Policy & Procedure	
Policy Name:	Code of Conduct (Code Business Conduct Ethical Business Practice)
Policy Number:	CMP16-006
Department:	Compliance
Affected Departments:	All Departments
Affected States: (Check all that apply)	CA <input checked="" type="checkbox"/> TX <input checked="" type="checkbox"/> RI <input checked="" type="checkbox"/> CT <input checked="" type="checkbox"/> PA <input checked="" type="checkbox"/> _____
Policy Approved By: Hoyt Sze, Chief Compliance Officer	Approved by the Board of Directors: September 7, 2011.
Effective Date:	September 2011 Reviewed/Revised: January 2016

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A Message to Directors and Employees:

As Directors and employees of Prospect Medical Holdings, Inc. and/or Prospect Medical Systems, Inc. (referred to in the following pages as "Prospect" or "Company"), we are responsible for conducting the business affairs of the Company in accordance with applicable laws, in a moral and honest manner, and with the highest professional and ethical standards.

To make certain that we understand what is expected of us, Prospect and the Board of Directors have adopted the following policies.

The Code of Business Conduct I Ethical Business Practice, and subsequent policies (the "Code") included herein contain commonsense rules of conduct. We ask that you read them carefully and completely, because it is essential that you fully comply with these policies in the future. If you have any questions, talk them over with your manager or another member of management. Alternatively, feel free to contact the Human Resources or Legal Department.

Please sign the acknowledgment page confirming that you have received the Code, understand it represents mandatory policies of the Company and agree to abide by it. Return the signed copy to the Human Resources Department where it will be placed in your personnel file and keep the Code for future reference.

Thank you for your kind attention to this matter.

Sincerely,

Prospect Medical Holdings, Inc.

Code of Business Conduct

Ethical Business Practice

Directors and employees of Prospect, its subsidiaries and affiliated companies, are to conduct their business affairs in accordance with the highest ethical standards. Policies are to be applied in good faith with reasonable business judgment to enable the Company to achieve its operating and financial goals within the framework of the Law. Directors and employees shall not conduct themselves in a manner that is directly or indirectly detrimental to the best interests of the Company or in a manner which would bring

Financial or any other gain to any Director or employee at the expense of Prospect. Moral as well as legal obligations will be fulfilled openly, promptly, and in a manner that will reflect positively on the Company's name.

Agreements, whether written or verbal, will be honored. No bribes, bonuses, kickbacks, lavish entertainment, or gifts will be exchanged for special position, price, or privilege. It is Company policy that contracts are reviewed by legal counsel. By contract, we mean each agreement, memorandum of understanding, or other document or arrangement that could reasonably be expected to impose an obligation. Please bear in mind that your conduct and/or your conversations may have, under certain circumstances, the unintended effect of creating an obligation which the Company cannot meet.

The Company requires Directors and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Directors and employees must practice honesty and integrity in every aspect of dealing with other Directors and employees, the public, the business community, stockholders, customers, members and government authorities.

Directors and employees will maintain the confidentiality of the Company's sensitive or proprietary information and will not use such information for their personal benefit or the benefit of another person or entity.

Directors and employees shall refrain, both during and after their employment, from publishing any oral or written statements about the Company or any of its Directors or employees that are slanderous, libelous or defamatory. Statements disclosing private or confidential information about their business affairs or constituting an intrusion into their private lives should be avoided.

Directors and employees will comply with the stock ownership requirements set forth by the Board of Directors, which may relate to the ownership of stock in the Company's parent company or other affiliates.

The Company prohibits unlawful discrimination against Directors and employees, stockholders, members, customers or suppliers on account of race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, marital status, national origin, citizenship, veteran status, ancestry, age, physical or mental disability, medical

condition (cancer-related or genetic characteristic), or any other consideration made unlawful by applicable laws. All persons shall be treated with dignity and respect and they shall not be interfered with in the conduct of their duties and responsibilities.

Directors and employees should not be misguided by any sense of loyalty to the Company or a desire for profitability that might cause them to disobey any applicable law or Company policy. Illegal behavior on the part of any Director or employee in the performance of Company duties will not be condoned or tolerated.

The Company is committed to evaluating the effectiveness of the Code through various efforts on an ongoing basis.

Adherence to and support of the Code is a condition of employment. Violation may result in disciplinary action, which may include termination.

The Code of Business Conduct and Ethical Business Practice will be distributed to new Directors and employees and be distributed again to all Directors and employees on an annual basis. Directors and employees are required to sign the acknowledgment confirming they have received the Code, read it and understand it represents mandatory policies of the Company and agree to abide by it. The Company welcomes any suggestions to help improve its business conduct.

Directors and employees can report violations of the Law or the Code by calling the Ethics and Compliance Hotline at 1(877) 888-0002. The Hotline is open 24 hours a day, 7 days a week, and is operated by an independent company. Directors and employees may remain anonymous and translators are available.

Approved by the Board of Directors on September 7, 2011.

Antitrust & Competition

No Director or employee of the Company shall enter into any understanding, agreement, plan or scheme, express or implied, formal or informal, with any competitor to fix prices, contract terms, territories or customers. Authorized senior management of the Company must authorize any discussion with competitors in connection with a project in which the competitor is an alliance partner, joint venture or subcontractor.

Directors and employees responsible for the conduct or practices of the Company which could in any way involve antitrust or anti-competitive activities should consult with their manager or another appropriate member of management about such matters.

There shall be no exception to this Policy, nor shall it be compromised or qualified by anyone acting for or on behalf of the Company.

Approved by the Board of Directors on September 7, 2011.

Bribery

The Company prohibits payment to suppliers or customers in the form of bribes, kickbacks or payoffs. Directors and employees are also prohibited from receiving, directly or indirectly from a third party, anything of a significant value (other than salary or other ordinary compensation paid by the Company) in connection with a transaction entered into by the Company.

The Company also prohibits Directors and employees from paying any bribe, kickback or other similar unlawful payment to, or otherwise entering into a sensitive transaction with, any public official, political party, candidate for public office or other individual, to secure any contract, concession or other favorable treatment for the Company or for personal gain. Any extraordinary payments, including extravagant entertainment or gifts of significant value (in general this means the cost will exceed \$100), for the express purpose of obtaining or retaining business or unduly influencing some matter in favor of the Company is prohibited. Directors and employees who make such agreements are subject to appropriate action by the Company, as well as the legal consequences of applicable Law.

Bribes, kickbacks and payoffs include, but are not limited to: Gifts other than nominal value (in general this means the cost will not exceed \$100); the uncompensated use of Company services, facilities or property; loans, or loan guarantees or other extensions of credit.

This Policy does not prohibit reasonable expenditures for meals and entertainment of suppliers and customers, which are an ordinary and customary business expense. These expenditures should be included on expense reports and approved under standard Company procedures.

Approved by the Board of Directors on September 7, 2011.

Confidential Information

In carrying out the Company's business, Directors and employees often learn confidential or proprietary information about the Company, its customers, suppliers or members. An unauthorized disclosure could be harmful to the Company or helpful to a competitor.

Therefore, no Director or employee entrusted with or otherwise knowledgeable about information of a confidential or proprietary nature shall disclose or use that information outside the Company or for personal gain, either during or after employment without the valid and proper written authorization from the Company.

The company also works with proprietary data of suppliers, members and customers. The protection of such data is of the highest importance and must be discharged with the greatest care for the Company to merit the continued confidence of such persons. No Director or employee shall disclose or use confidential or proprietary information owned by someone other than the Company to non-employees without Company authorization, or disclose the information to others unless a need-to-know basis is established.

In general when describing or talking about Prospect, it is safe to mention what we do and not how we do it or how much it costs.

Approved by the Board of Directors on September 7, 2011.

Conflicts of Interest

Directors and employees have a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises. Timely and proper disclosure of possible conflicts of interest that Directors and employees may have in connection with job duties and responsibilities is necessary to protect the best interests of the Company. Possible conflict of interest situations should be promptly and fully disclosed to the Company's senior management.

A conflict of interest may occur if outside activities, personal financial interests, or other interests influence one's ability to make objective decisions in the course of their responsibilities as a Director or employee. A conflict of interest may also exist if the demands of any outside activities hinder or distract Directors or employees from the performance of their responsibilities or cause the individual to use Company resources for other than Company business.

The Company has always been concerned with outside business interests of its Directors and employees that might possibly conflict with the interests of the Company. An adequate definition of what constitutes a conflict of interest is most difficult. However, the Company expects and requires Directors and employees to be honest and ethical in the handling of actual or apparent conflicts of interest between personal and business relationships.

There are certain situations which the Company will always consider to be a conflict of interest. These occur if any person having a close personal relationship with the Director or employee, such as, spouse, parents, children, siblings, in-laws, any person living in the same home with the Director or employee or any business associate of the Director or employee:

1. Obtains a significant financial or other beneficial interest in one of the Company's suppliers, customers or competitors without first notifying the Company and obtaining written approval from authorized senior management of the Company;
2. Engages in a significant personal business transaction involving the Company for profit or gain, without first notifying the Company and obtaining written approval from authorized senior management of the Company;
3. Accepts money, gifts, hospitality, loans, guarantees of obligations or other special treatment from any supplier, customer or competitor of the Company;
4. Participates in any sale, loan or gift of Company property without first notifying the Company and obtaining written approval from authorized senior management of the Company;
5. Learns of a business opportunity through association with the Company and discloses it to a third party or invests in or takes the opportunity personally without first notifying the Company;
6. Uses corporate property, information, or position for personal gain; or

7. Competes with the Company.

Approved by the Board of Directors on September 7, 2011.

Equal Opportunity Employer

In its hiring and promotion policies, the Company is committed to providing equal opportunity to all qualified individuals. The Company will endeavor to create a workforce that is a reflection of the diverse population of the communities in which it operates.

The Company will comply with applicable Law governing equal employment opportunities to assure that there is no unlawful discrimination against any employee or applicant.

This policy relates to all phases of employment, including recruitment, placement, hiring, promotion, transfer, compensation, benefits, training, and educational, social and recreational programs. It covers all other personnel actions in all job categories and at all levels, including employment of qualified disabled individuals. It is intended to provide employees with a working environment free of discrimination, harassment, intimidation or coercion relating directly or indirectly to race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, marital status, national origin, citizenship, veteran status, ancestry, age, physical or mental disability, medical condition (cancer- related or genetic characteristic), or any other consideration made unlawful by applicable laws.

An employee who believes he or she has been or is being subjected to discrimination should bring this matter to the attention of his or her immediate supervisor, department head or the Human Resources Director. If management receives a complaint of discrimination, they shall report the complaint immediately to the Human Resources Director. Nothing in this Policy requires any employee complaining of discrimination to present the matter to the person who is the subject of the complaint. All complaints of discrimination will be promptly investigated. The privacy of the persons involved will be protected, except to the extent necessary to conduct a proper investigation. If the investigation substantiates the complaint, immediate action will be taken to end the discrimination, prevent its recurrence and remedy the situation.

An employee who reports the matter pursuant to this Policy shall not be retaliated against or adversely treated because of the making of the report.

Approved by the Board of Directors on September 7, 2011.

Fraud & Similar Irregularities

Directors and employees are obligated to protect Company assets and ensure their efficient use. Theft, carelessness and waste of Company assets by Directors and employees may result in their termination and other corrective actions by the Company. Company assets shall be used only for the legitimate business purposes of the Company.

Fraud includes, but is not limited to, dishonest or fraudulent acts; embezzlement; misappropriation of assets; forgery or alteration of negotiable instruments such as Company checks and drafts; taking or using Company supplies or any other Company asset for a purpose other than Company business; unauthorized handling or reporting of Company transactions; and falsification of Company records or financial statements for personal reasons or any other reason.

Directors and employees are obligated to report any fraud, whether material or not to the Company. Reports will be investigated promptly and discreetly. Directors and employees will not suffer adverse consequences as a result of making such a report. However, failure to report a fraud will have a direct negative effect on that person's relations with the Company.

Approved by the Board of Directors on September 7, 2011.

Harassment

The Company considers harassment a serious act of misconduct and may subject an employee to disciplinary action, including immediate discharge. Management who fail to report violations of which they become aware will be subject to disciplinary action, up to and including suspension and termination of employment. The term "harassment" includes sexual, racial, ethnic, and other forms of harassment, including harassment based upon disability.

Some examples of what may be considered harassment, depending on facts and circumstances, include the following:

Sexual Harassment. Unwelcome sexual conduct or speech, whether verbal, written or physical, including, among other things, sexual advances, demands for sexual favors, or other conduct or speech of a sexual nature, whether or not it was designed or intended to promote an intimate relationship or to intimidate or provoke.

Racial Harassment. Unwelcome or derogatory comments regarding a person's race, color, ancestry or ethnic heritage; or distribution, including by email or other electronic media, or display in any Company work area, of written or graphic material of this type.

Physical Harassment. Hitting, pushing, touching or other physical contact, inappropriate gestures or threats to take such action.

Any employee who believes he or she is being harassed should tell the offending party that he or she objects to that conduct. This often solves the problem. However, if an employee is not comfortable confronting the offending party (or if the offending party's unwelcome conduct continues), the employee should advise his or her immediate supervisor. If the immediate supervisor has not taken what the employee regards as appropriate action to solve the problem, the employee should notify the Human Resources Director.

This policy will be strictly enforced. Complaints will be investigated promptly and discreetly. Directors and employees will not suffer adverse consequences as a result of reporting any act of harassment.

Approved by the Board of Directors on September 7, 2011.

Health & Safety

Health and safety is a primary goal of the Company. The Company will comply with all applicable Laws to protect the health and safety of its employees in the workplace. Management shall take such actions as are reasonable and necessary to protect Directors, employees and the Company.

To maintain a safe workplace, employees must be safety conscious at all times. Employees must advise their Supervisor or the Human Resources Director if they are aware of any condition presenting a danger so that corrective action may be taken to remove the danger.

Employees should report personal injury, however minor, to the Human Resources Department immediately. First aid kits are readily available in all work areas. In case of emergency, the first person in contact with the injured or ill worker will be responsible for seeking help. The Human Resources Department will assist in obtaining treatment for the injured worker.

Approved by the Board of Directors on September 7, 2011.

Political Activities & Contributions

The Company encourages participation in the political process by its Directors and employees. The federal government and some states have, however, enacted Laws regulating campaign contributions in order to limit the political influence of certain types of contributors, such as corporations, to political candidates and participation in political campaigns.

The Company will comply with applicable Laws regulating political influence and campaign contributions.

The Company believes strongly in the democratic political process and that its Directors and employees should take an active interest in fostering principles of good government in the communities in which they live. Directors and employees may spend their own time and funds supporting political candidates and issues but the Company will not reimburse them for time or funds used for political contributions.

No Director or employee shall apply pressure, direct or implied, that infringes upon an individual's right to decide whether, to whom and in what amount a personal political contribution is to be made.


Directors and employees who represent the Company in political and governmental matters must comply with all Laws that regulate corporate participation in public affairs.

When permitted by Law and authorized by authorized senior management of the Company, Company funds and facilities may be used to inform or influence the voting public on an issue of importance to the business of the Company and its stockholders.

If a Director or employee is asked to make a political contribution and he or she has questions regarding this policy or applicable Law, they should consult with authorized senior management of the Company.

REVISION HISTORY

Version	Version Date	Policy Number	Policy Name
Original	September 2011	-	Code of Conduct
Original	January 2016	CMP16-006	Code of Conduct

	Policy & Procedure	
	Policy Name:	Compliance Program (MSO/IPA Compliance Program)
	Policy Number:	CMP16-007
	Department:	Compliance
	Affected Departments:	All Departments
	Affected States: (Check all that apply)	CA <input checked="" type="checkbox"/> TX <input checked="" type="checkbox"/> RI <input checked="" type="checkbox"/> CT <input checked="" type="checkbox"/> PA <input checked="" type="checkbox"/> _____
	Policy Approved By: Hoyt Sze, Chief Compliance Officer	
	Effective Date:	Reviewed/Revised: March 2016

**PROSPECT MEDICAL HOLDINGS, INC.
MSO/IPA COMPLIANCE PROGRAM**

Coverage

The terms of the Compliance Program set forth herein shall apply to, and govern, the medical group business unit of Prospect Medical Holdings, Inc. ("PMH"). The business unit is comprised of PMH's two management services organizations (the "MSOs"), Prospect Medical Systems, Inc ("PMS"), and ProMed Health Care Administrators, and each of their affiliated physician organizations that operate as an independent physician association ("ProMed" an "IPA") to which the MSOs provide management services. PMH and such affiliated MSOs and IPAs are collectively referred to herein as the "Company" or the "MSO/IPA Segment."

Purpose

The Company is committed to conducting its business and operations in accordance with the highest legal and ethical standards. To meet this commitment, the Boards of Directors of PMS and ProMed (the "Boards") have directed management to adopt and implement a formal Corporate Compliance Program throughout the MSO/IPA Segment (this "MSO/IPA Compliance Program").

The Company recognizes that the adoption and implementation of a compliance program significantly reduces the risk of fraud, abuse and waste in the health care industry and enhances quality of services and care to patients. The Company recognizes that organizations contracting directly or indirectly with the federal government are obligated to report fraud, waste and abuse; demonstrate their commitment to eliminating fraud, waste and abuse; and implement internal policies and procedures to identify and combat health care fraud.

To meet its commitment to compliance with all laws and regulations, the Company has adopted this formal MSO/IPA Compliance Program for the operations of the entire IPA Segment organization and its officers, directors, employees, contractors, vendors and any downstream and/or related entities. The MSO/IPA Compliance Program is guided by the Federal Sentencing Guidelines for Compliance Programs.

Contents

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MSO/IPA Compliance Program

The Company has established a comprehensive MSO/MSO/IPA Compliance Program that is consistent with the Federal Sentencing Guidelines as outlined by the OIG (Office of the Inspector General). The MSO/MSO IPA Compliance Program established by the Boards, is a key component representing the Company's commitment to high standards of conduct. The MSO/MSO/IPA Compliance Program is a tool to strengthen the Company's efforts to detect and prevent violation of law or company policy. In the event that the Company becomes aware of non-compliance with the policies of the MSO/IPA Compliance Program, the Company will investigate, take disciplinary action when needed and implement corrective actions to prevent future occurrences. The MSO/IPA Compliance Program, which is under the leadership of the Chief Compliance Officer appointed by the Boards, demonstrates corporate commitment to comply with federal, state, and local laws and to conduct our business in an ethical manner.

Overview of MSO/IPA Compliance Program:

The Company's Code of Business Conduct | Ethical Business Practice is the written statement of ethical practices that directs the Company's daily operations. The Code of Conduct sets forth our expectations of management, employees, and contractors to act in accordance with applicable laws and Company policy. It sets forth the framework for action within the Company. The Company's records management, retention and destruction procedures support the maintenance of complete, accurate, and high quality records. In accordance with CMS requirements for Medicare managed care programs, all medical records and patient related records are retained for a minimum often (10) years.

Program Structure:

The Boards have designated a Chief Compliance Officer who is responsible for the day-to-day direction, development, implementation, and monitoring of the MSO/IPA Compliance Program. The Chief Compliance Officer has direct access to the CEO and the Boards of Directors of PMH and has the ability to exercise independent judgment and to effect change within the organization as necessary to ensure that the Company is in compliance with all applicable laws, regulations and policies.

In addition, the Company has established a formal Compliance Committee to ensure that the corporate culture of maintaining ethical standards is enforced. The committee structure provides a forum for communication, discussion of topics essential to an effective compliance program and for making recommendations to the Board and senior management regarding compliance issues.

Education and Training:

A key component of the MSO/IPA Compliance Program is the education of all of the Company's corporate officers, managers, employees, and independent contractors. All new employees receive education on the Prospect Medical Holding's MSO/IPA Compliance Program, General Compliance Training, Medicare Fraud, Waste & Abuse Training, HIPAA Policies, and the Company's Code of Conduct within 90 days of hire and annually thereafter. Additionally, any education required by a participating Health Plan regarding their own Code of Conduct is provided within 90 days of hire and annually thereafter. If the Company's Code of Conduct is amended, the Company shall distribute the amended Code of Conduct to all officers, managers, employees and independent contractors within 30 days of the Company's final approval of any such amendment.

Communication:

The Company fosters an open line of communication between personnel and management. All persons seeking answers to questions or reporting potential violations of the MSO/IPA Compliance Program are given instructions regarding whom to contact and are encouraged to do so without fear of retaliation. Employees and contractors are expected to inform the Company of any known or suspected violations of Company policy related to compliance with Fraud and Abuse laws, anti-kickback laws, HIPAA, and any other applicable laws or regulations related to the Company's policies. It is the Company's expectation that the employee or concerned party will report concerns to his or her supervisor. For those instances in which the individual is not comfortable with this avenue for reporting, the Company has established an anonymous hotline for reporting known or suspected violations. It is the Company policy that all such concerns be treated with the upmost respect and confidentiality.

Risk Assessment, Auditing, and Monitoring:

On an annual basis, the Company identifies internal areas of risk to the Company. In addition, OIG guidelines annually identify potential risk areas for healthcare entities and these risk areas are shared with the Compliance Committee, senior management, and the Boards. The potential risk areas include, but are not limited to, data integrity, compliance with Stark and anti-kickback laws, and HIPAA laws. Identified risks are reviewed and included in the Company's Auditing and Monitoring Program.

The Company's Auditing and Monitoring Program includes the monitoring of the Company's adherence to its policies. The auditing and monitoring program may be conducted using prospective, concurrent, or retrospective time frames. The outcomes of the auditing and monitoring program are communicated to the Boards, senior management, and the Compliance Committee. The extent and frequency of the auditing and monitoring program varies in relationship to several factors, including changes in management staff, business practices, regulations, and other variables. Ongoing assessment within the compliance programs may identify new risk areas that are included in the auditing and monitoring programs as needed.

Ineligible Persons:

The Company does not contract with, employ or bill for services rendered by an individual or entity who has been excluded or deemed ineligible to participate in federal healthcare programs, suspended or debarred from federal government contracts, or convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in a federal healthcare program after a period of exclusion, suspension, debarment or ineligibility. Should the Company become aware of any such exclusion, the Company will immediately terminate the employee or terminate the business contract with that entity.

Disciplinary Action and Prevention:

All violations of the Company's Code of Conduct or other policies and procedures will be subject to disciplinary action. The nature of discipline will depend upon the nature, severity, and frequency of the violation. Depending upon the seriousness of the offense, the Company may take immediate action up to and including termination without interval progressive disciplinary process.

Responding to Government Investigations:

The Company will cooperate with legitimate government investigations and reasonable requests for information from government agencies. To ensure correct information is shared and because of our concern for patient confidentiality, any employee who is approached will contact the Chief Compliance Officer for direction.

Program Effectiveness:

The Company's MSO/IPA Compliance Program is a proactive program that addresses risks posed by complex laws as well as human factors. The Company adapts modifications to the MSO/IPA Compliance Program in response to regulatory changes, internal auditing and monitoring, and concerns received through reports to the Compliance Officer through direct contact with employees, contractors, or through the hotline. When indicated, appropriate corrective actions are taken to ensure compliance with the Company's policies. The Compliance Officer has the responsibility to ensure that outcomes of the MSO/IPA Compliance Program are shared with senior management and the Boards.

Hoyt Sze
Chief Compliance Officer
714-788-9711

I. REVISION HISTORY

Version	Version Date	Policy Number	Policy Name
Original		-	Compliance Program
	January 2016	CMP16-007	Compliance Program
	March 2016	CMP16-007	Compliance Program



Policy & Procedure

Policy Name:	Fraud, Waste and Abuse Detection	
Policy Number:	CMP16-012	
Department:	Compliance	
Affected Departments:	All Departments	
Affected States: (Check all that apply)	CA <input checked="" type="checkbox"/> TX <input checked="" type="checkbox"/> RI <input checked="" type="checkbox"/> CT <input checked="" type="checkbox"/> PA <input checked="" type="checkbox"/> _____	
Policy Approved By: Hoyt Sze, Chief Compliance Officer		Board Approval Date: January 2013
Effective Date:	January 2013	Reviewed/Revised: March 2016

I. PURPOSE

- a. To establish a process to detect, correct and prevent Fraud, Waste and Abuse in accordance with federal and state regulations.

II. DEFINITIONS

III. POLICY

- a. Prospect maintains a zero tolerance policy towards Fraud, Waste and Abuse. Prospect shall comply with applicable statutory, regulatory and other requirements; sub-regulatory guidance; and contractual commitments related to Fraud, Waste and Abuse. Prospect shall investigate and report suspected Fraud, Waste and Abuse in accordance with our Fraud, Waste and Abuse Investigation and Reporting policy.
- b. All members of the workforce who have access to protected health information will receive regular training on policies and procedures regarding Fraud, Waste and Abuse and the provisions of this policy.

IV. RESPONSIBILITIES

- a. All Departments

V. PROCEDURES

- a. Prospect may detect Fraud, Waste and Abuse by a member in circumstances that include, but are not limited to, the following:
 - i. Using another individual's identity, Health Plan or Physician Group identification card, Medicare number, or other documentation of Medicare eligibility to obtain covered services, unless such person is an Authorized Representative who is presenting such document or information on behalf of a member to obtain covered services for that member;
 - ii. Selling, loaning, or giving a member's identity, Health Plan or Physician Group identification card, Medicare number, or other documentation of Medicare eligibility to obtain covered services, unless such person is an Authorized Representative who is presenting such document or information on behalf of a member to obtain covered services for that member;

- iii. Making an unsubstantiated declaration of Medicare eligibility;
 - iv. Using a covered service for purposes other than the purposes for which it was prescribed or provided, including use of such covered service by an individual other than the member for whom the covered services was prescribed or provided; failing to report other health coverage; and soliciting or receiving a kickback, bribe, rebate, or other financial incentive as an inducement to receive or not receive covered services.
- b. Prospect may detect Fraud, Waste and Abuse by a Provider or Physician Group in circumstances that include, but are not limited to, the following:
- i. Unsubstantiated declaration of eligibility to participate in Medicare; Submission of a claim or a request for payment for:
 - 1. Covered services that are substantially and demonstrably in excess of an individual's usual charges for such covered services;
 - 2. Covered services that were not provided to the member for whom such covered services were claimed;
 - 3. Covered services substantially in excess of the quantity that is medically necessary for the member;
 - 4. Covered services using a billing code that will result in greater payment than the billing code that reflects the covered services actually provided;
 - 5. Covered services that were already included in the capitation rate; and
 - 6. Covered services billed to both the Medicare provider and another third party payer without making full disclosure of material facts or notification of other insurance payments.
 - ii. Charging a member in excess of allowable co-payments or deductibles for covered services;
 - iii. Billing a member for covered services without obtaining written consent to bill for such covered services;
 - iv. Soliciting, offering, receiving, or paying a Kickback, bribe, or rebate as an inducement to refer or fail to refer a member;
 - v. Failing to disclose any significant beneficial interest in any other provider to which the provider may refer a member for the provisions of covered services;
 - vi. False certification of medical necessity;
 - vii. Attributing a diagnosis code to a member that does not accurately reflect the member's medical condition for the purposes of obtaining higher reimbursements;
 - viii. Providing false or inaccurate credentialing information; and submitting data files or reports that contain
 - 1. Unsubstantiated data;
 - 2. Data that is inconsistent with underlying clinical, encounter, or payment records; or Data that has been altered in a manner or for a purpose that is inconsistent with Prospect policies, contract, or applicable regulations and statutes
 - ix. Upon detection of suspected Fraud, Waste and Abuse, the Compliance Department shall review the suspected activity using data from reports including, but not limited to, the following:
 - 1. Claims data;
 - 2. Encounter data;
 - 3. Medical records;
 - 4. Member and provider complaints, appeals and grievance reviews;

5. Utilization Management reports;
 6. Pharmacy data;
 7. Audits;
 8. Provider utilization reports;
 9. Member utilization reports;
 10. Geographic and demographic data;
 11. Evaluation of a provider's member capacity,
 12. Interviews
- x. A Prospect employee, provider, contractor, all downstream entities are required to report to the sponsor and the Compliance Officer all actual or suspected Medicare program noncompliance or potential FWA in a timely manner.
 - xi. Prospect shall provide a method for Prospect employees, providers and members to anonymously report suspected Fraud, Waste and Abuse to the Compliance Department. A report can be made by calling the Ethics & Compliance Hotline at 877-888-0002.
 - xii. Prospect shall treat the detection of suspected Fraud, Waste and Abuse in a confidential manner and shall not retaliate or make retribution against any Prospect employee, provider or member for such detection.
- c. Prospect shall use data analysis, i.e., tools for identifying potential FWA and noncompliance, to effectively monitor and detect instances of FWA. Such data analysis will include the comparison of claim information against other data (e.g., provider, drug or medical service provided, diagnoses or beneficiaries) to identify unusual patterns suggesting potential errors and/or potential fraud and abuse. Use of data analysis may include monitoring claims and billing to detect unusual patterns. Such data analysis may also include all or some of the following:
- i. Establish baseline data to enable Prospect to recognize unusual trends, changes in utilization over time, and physician referral patterns;
 - ii. Analyze claims data to identify potential errors, inaccurate accounting, and provider billing practices and services that pose the greatest risk for potential FWA to the Medicare program;
 - iii. Identify items or services that are being over utilized;
 - iv. Identify problem areas within the plan such as enrollment, finance, or data submission;
 - v. Identify problem areas at the FDR level; and
 - vi. Use findings to determine where there is a need for a change in policy.

Prospect shall also use indicators to identify norms, abnormalities, and individual variables that describe statistically significant time-series trends. Examples include:


- Standard deviations from the mean;
- Percent above the mean or median; and
- Percent increase in charges, number of visits/services from one period to another.

Prospect shall routinely generate and review reports claims and billing based upon the data analysis performed to identify FDRs that require further review.

VI. RELATED DOCUMENTS

VII. REVISION HISTORY

Version	Version Date	Policy Number	Policy Name
Original	November 2013	-	Fraud, Waste and Abuse Detection
	January 2016	CMP16-012	Fraud, Waste and Abuse Detection
	March 2016	CMP16-012	Fraud, Waste and Abuse Detection

	Policy & Procedure	
	Policy Name:	Fraud, Waste and Abuse and CMS deviations Investigation and Reporting
	Policy Number:	CMP16-069
	Department:	Compliance
	Affected Departments:	All Departments
	Affected States: (Check all that apply)	CA <input checked="" type="checkbox"/> TX <input checked="" type="checkbox"/> RI <input checked="" type="checkbox"/> CT <input checked="" type="checkbox"/> PA <input checked="" type="checkbox"/> _____
	Policy Approved By: Hoyt Sze, Chief Compliance Officer	Board Approval Date: January 2013
	Effective Date:	January 2013 Reviewed/Revised: October 2016

I. PURPOSE

- a. To establish a process for investigating and reporting suspected Fraud, Waste and Abuse or suspected Deviations from CMS regulations or requirements (“deviations”) in accordance with federal and state regulations.

II. DEFINITIONS

Deviations: Actual or suspected noncompliance with CMS regulations or requirements affecting one or more beneficiaries.

III. POLICY

- a. Prospect shall establish a process for timely and reasonable investigation and reporting of suspected Fraud, Waste and Abuse and Deviations in accordance with this policy.
- b. Prospect's Compliance Department shall coordinate all activities associated with the investigation and reporting of suspected Fraud, Waste and Abuse and Deviations.
- c. Prospect shall report suspected Fraud, Waste and Abuse and Deviations to the appropriate agency in accordance with Centers for Medicare & Medicaid Service (CMS) guidelines, CMS' Prescription Drug Benefits Manual related to the Part D program, and this policy.
- d. Prospect's Compliance Department shall maintain a uniform database for tracking suspected Fraud, Waste and Abuse and Deviations, including reports, investigations, and correspondence in accordance with this policy.
- e. Prospect employees, contractors, vendors and downstream entities are required to report any suspected or actual compliance violations including Fraud, Waste and Abuse and Deviations. This reporting requirement shall be emphasized during required training for such persons and entities. Such reports may be made to the Compliance Department directly or through the hotline described in the Hotline Policy.

- f. There shall be no retribution or retaliation for any good-faith participation in the Compliance Program including the reporting of suspected or actual compliance violations such as Fraud, Waste and Abuse and Deviations. Any such retribution or retaliation constitutes an independent violation of the Compliance Program punishable by discipline up to and including termination.
- g. Prospect's Compliance Department shall identify, investigate and take corrective action regarding any Fraud, Waste and Abuse or Deviation-related complaint. Such corrective action may be taken as to any contracted provider, employee or other contractor. Furthermore, the Prospect Compliance Department shall develop data and other supporting evidence for a Fraud, Waste and Abuse or CMS Deviation investigation, consult with Legal Counsel, and function as the liaison between Prospect, the Health Plan and CMS; appropriate state Medical Boards; the State Board of Pharmacy; other licensing and law enforcement entities; and other relevant entities.
- h. Prospect's Compliance Department shall refer suspected or actual Fraud, Waste or Abuse related to the CMS Part D program to CMS' Medicare Integrity Contractor (MEDIC) within sixty (60) working days after the date the potential misconduct is identified.
- i. Prospect's Compliance Department shall ensure to the maximum extent practicable appropriate confidentiality of case files or other documentation relating to any investigation of a suspected Fraud, Waste and Abuse or Deviation case.
- j. Prospect's Compliance Department shall notify the Health Plan or other related parties of all suspected Fraud, Waste and Abuse instances or any Deviation or suspected Deviation from CMS program requirements or regulations that impact one or more beneficiaries within 48 hours after the date the potential misconduct is identified prior to commencement of any investigation. After such notice, the investigation shall commence. Prospect Compliance Department shall further report the results of any investigation to the Health Plan or other related parties of all suspected Fraud, Waste and Abuse instances or Deviations or suspected Deviations within 48 hours of the completion of any investigation. Prospect's Compliance Department shall further notify the Prospect Compliance Committee of such results as necessary.
 - a. Instances or deviations related to WellCare Health Plan (e.g. EasyChoice) enrollees will be reported to 1-866-364-1350 or <https://secure.ethicspoint.com/domain/media/en/gui/26583/index.html> within 3 business days.
- k. Prospect shall fully coordinate and cooperate with MEDIC's, CMS, and other law enforcement agencies related to any Fraud, Waste and Abuse or Deviations investigations or audits to support health oversight matters.

IV. RESPONSIBILITIES

- a. All Departments

V. PROCEDURES

- a. Prospect's Compliance Department shall detect suspected Fraud, Waste and Abuse pursuant to the provisions of the Fraud, Waste & Abuse Detection Policy. In detecting suspected deviations, Prospect's Compliance Department shall follow the same guidelines in the Fraud, Waste & Abuse Detection Policy.
- b. Upon detection of suspected Fraud, Waste or Abuse or Deviation, Prospect's Compliance Department shall establish a file to maintain all documents, reports, evidence, and correspondence pertaining to the suspected Fraud, Waste or Abuse case or suspected Deviation case.
- c. If the Prospect Compliance Department receives a report of suspected Fraud, Waste or Abuse or Deviation, they shall transmit an acknowledgement of receipt to the party who submitted the report, including a request for additional documents or information as necessary and a date by which to respond.
- d. Prospect's Compliance Department shall coordinate all activities related to the investigation and reporting of suspected Fraud, Waste and Abuse or Deviation.
- e. After such timely review, Prospect's Compliance department may:
 - i. Pursue a more detailed investigation of the suspected Fraud, Waste and Abuse or Deviation in accordance with section 6 of this policy, if necessary;
 - ii. Report the suspected Fraud, Waste and Abuse related to the Part D program to the CMS MEDIC within sixty (60) days after the determination that a violation may have occurred, in accordance with the contract or the Part D Program outlined in the Prescription Drug Benefit Program. Prospect shall provide additional information requested by MEDIC within thirty (30) days after receipt of such request, unless MEDIC specifies otherwise; or take other action that is responsive to the acts being investigated, including, but not limited to:
 - iii. Issue a letter of findings;
 - iv. Issue a notice of suspected violation of statute or contract;
 - v. Require development and implementation of a Corrective Action Plan;
- f. If the suspected Fraud, Waste or Abuse or Deviation warrants investigation by an agency outside Prospect, the Compliance Department shall:
 - i. Submit a suspected Fraud, Waste and Abuse inquiry or CMS equivalent to the outside agency as appropriate;
 - ii. Coordinate the investigation independent of other Prospect departments and networks,
 - iii. including procuring the services of contracted investigators as needed; or

- iv. Coordinate an investigation of suspected Fraud, Waste and Abuse or Deviation that involves quality of care with Prospect's Medical Management department.
- g. Prospect's Compliance Department shall report and coordinate and investigation of suspected Fraud, Waste and Abuse or suspected Deviation with the appropriate state Medical Board, the State Board of Pharmacy, or other licensing or governing entities as appropriate.
- h. Prospect's Compliance Department shall report activities related to suspected Fraud, Waste and Abuse or suspected Deviation to Prospect's Compliance Committee and shall present an annual analysis for Fraud, Waste and Abuse trends and activities to the Prospect Board of Directors.
- i. If a Corrective Action Plan is required, the Compliance Department shall monitor that the plan is implemented and is proven effective in preventing recurrence of the inappropriate action/behavior.

VI. RELATED DOCUMENTS

- a. Centers for Medicare and Medicaid Services 2016 Program Requirements

VII. REVISION HISTORY

Version	Version Date	Policy Number	Policy Name
Original	November 2013	-	Fraud, Waste and Abuse Detection
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v.3	October 2016	CMP16-069	Fraud, Waste and Abuse and CMS deviations Investigation and Reporting