2015 Compliance Program

Our mission is to improve the health and quality of life of our members.
COMPLIANCE

The time is always right
to do the right thing

PASSPORT HEALTH PLAN
The Compliance Program is a formal program supporting Passport Health Plan’s ("Passport") commitment to follow state and federal laws and meet its contractual obligations. The activities that comprise the Compliance Program help Passport meet its mission, vision and values. The Compliance Program has been developed to assist in establishing a culture within Passport that promotes the prevention, detection, and resolution of instances of conduct that do not conform to federal and state law; federal and state health care program requirements; or the Company's ethical and business policies. The purpose of Passport's Compliance Program is as follows:

- Prevent, detect, and respond to issues of non-compliance.
- Support the organization in making business decisions that include communication and training on legal rules and the establishment of ethical standards;
- Develop policies and standards of conduct;
- Serve as a resource for guidance about compliance and ethical issues;
- Detect and prevent activities contrary to state and federal laws and to organizational policies and standards;
- Ensure the organization meets its regulatory and contractual obligations;
- Create and maintain a culture of integrity that encourages ethical conduct; and
- Encourage a commitment by the organization to doing the right thing.

The Passport Code of Conduct and Ethics ("Code") applies to all associates and is an integral part of this Compliance Program. Passport's mission, vision, values and the Code are the basis for the mission statement and values of the Compliance Department. The Compliance Department's mission statement and values define the core beliefs and culture of the Compliance Department.

I. Compliance Department Operating Philosophy

Compliance Department Mission and Values

Mission Statement: The Compliance Department's mission is to ensure Passport, its Board members, associates and subcontractors maintain compliance with the letter and spirit of all applicable state and federal laws and contractual obligations and carries out its mission and values with a high degree of honesty and integrity.

The Compliance Department accomplishes its mission by: establishing effective guidelines to maintain compliance with federal and state laws; implementing a means of preventing fraud, waste and abuse; performing audits, risk assessments, conducting investigations; establishing and communicating compliance policies and procedures; educating and training board members, associates and subcontractors; and fostering a culture of high ethical and moral standards as outlined in Passport's Code.

Values: The Compliance Department values provide guidance for responsible decision-making by encouraging a culture of integrity based on ethical leadership and integration of ethical considerations into decision-making processes.

The Compliance Department Values include:

Integrity
- Respect, show courtesy, and treat each other fairly
- Honest and open communication when working with each other
- Build trust among each other, and with our customers, suppliers and communities
- Make principle-based decisions
High Expectations

• Take pride in what we do and how we do it
• Continually improve our service
• Establish clear expectations of each other
• Strive for excellence in all we do
• Achieve superior results consistently

Team Players

• Accountable to each other
• Share information broadly
• Encourage diverse viewpoints
• Meet our commitments to each other and to others
• View success as our collective achievement

Role Models for Ethical Conduct

• Act impartially and not give preferential treatment
• Protect, conserve and use Passport property appropriately
• Disclose waste, fraud, abuse, and corruption to appropriate authorities
• Adhere to all laws and regulations
• Obey the law
• Endeavor to avoid the appearance that they are violating the law or ethical standards

Compliance Department Principles

1. Make Compliance Visible.
2. Establish Departmental Assignments.
3. Have mechanisms for feedback.
4. Use team approach that includes Associates from other departments.
5. Use a service model.
7. Conduct risk assessments in coordination with other departments.
8. Conduct periodic audits of internal operations.
9. Establish relationships with regulators.
10. Conduct training.

II. Passport Health Plan Organizational Structure

Passport is a non-profit provider-sponsored health maintenance organization (HMO). The sponsors of Passport are the University of Louisville Physicians, University Medical Center, Jewish Heritage Fund for Excellence (JHFE), Norton Healthcare Inc., and The Louisville/Jefferson County Primary Care Association. The Louisville/Jefferson County Primary Care Association is comprised of the Louisville Metro Department of Public Health and Wellness, the Region’s Federally Qualified Health Centers (Family Health Centers and Park DuValle Community Health Centers), and the University of Louisville Primary Care Center.

Passport offers its services to Kentucky Medicaid and ACA Medicaid Expansion beneficiaries in all regions of Kentucky.

Passport believes that promoting collaboration and obtaining input from providers and community advocates is essential in its ability to meet its mission, vision and values. Therefore, Passport formed and continues to utilize the Partnership Council. The Partnership Council is a broad coalition of consumers and providers, including physicians, nurses, hospitals, health departments and ancillary providers. The Partnership Council is led by a thirty (30) member Board of Directors representing the full spectrum of providers and including four Medicaid consumer representatives.
To provide the services outlined in the contract between Passport and the Department for Medicaid Services ("DMS"), Passport contracts with the companies listed below:

- Xerox Recovery Services, Inc. (Subrogation).
- AmeriHealth Caritas (Third Party Administrator)
- Avesis Third Party Administrators, LLC, (Dental)
- Beacon Health Strategies, LLC (Behavioral Health)
- Superior Vision, Inc. (Vision)
- McKesson Health Solutions (24-hour Nurse Line)
- MedSolutions, Inc. (Radiology)
- Aperture Credentialing (Credentialing)
- Magellan Health (Pharmacy)
- OptumInsight Inc. (Fraud, Waste, and Abuse)

### III. Leadership and Structure

#### Compliance Officer

The Vice President and Chief Compliance Officer ("CCO") monitors and reports results of the compliance and ethics efforts of Passport and provides guidance for the Board and executive leadership team on matters relating to compliance. The CCO oversees the Corporate Compliance Program, functioning as an independent and objective person that reviews and evaluates compliance issues/concerns within the organization. The CCO also oversees the development of a strategic risk management vision that provides a framework for managing Passport’s risks while maximizing Passport’s opportunities, and cultivates a culture that supports and helps us achieve our goals. The position ensures the Passport Board, management and associates are in compliance with the rules and regulations of regulatory agencies, that company policies and procedures are being followed, and that behavior in the organization meets Passport’s Code. The CCO, together with the Passport Compliance Committee, is authorized to implement all necessary actions to ensure achievement of the objectives of an effective compliance program. The CCO reports directly to the CEO and has direct access to the Chairman of the Board of Directors and committees of the Board.

- Under the direction of the CCO, the Compliance Department develops policies, procedures, and a code of conduct
- Establishes procedures to prevent, detect and correct non-compliance
- Promotes a corporate culture which encourages ethical conduct
- Promotes a commitment to compliance with ALL laws, regulations, rules, policies, and procedures
- Serves as a resource to resolve compliance and ethics issues

To increase the effectiveness and integrity of the Compliance Program, the CCO shall have the cooperation of and access to all associates of the organization. The Board and Executive Management shall provide the CCO with appropriate resources to effectively manage and satisfy the elements of the Program. Also, the CCO shall have the authority to inquire into any matters arising or appearing to arise within the scope of the Compliance Program. The CCO may appoint such staff as necessary to assist in the performance of his/her responsibilities.

#### Compliance Department Organizational Structure

The Compliance Department is structured into a shared services model which means that Compliance Department staff provides service to other Passport departments and help facilitate their activities. The purpose of this structure is to improve overall effectiveness, increase productivity, and most importantly, provide high quality compliance services. The Compliance Department is comprised of two sections: Compliance and Legal Services. The Compliance section is primarily responsible for delegation oversight, policy management, training, audits, HIPAA privacy matters. The Legal Services section is primarily responsible for contract management, legislative and regulatory review, Passport’s fraud, waste and abuse program, subrogation and recoupment of provider overpayments. Regardless of section, all Compliance Department staff work collaboratively to achieve the Department mission.
Passport Compliance Committee

Passport’s Compliance Committee ("Compliance Committee") is established to ensure that University Health Care, Inc. dba Passport Health Plan complies with applicable state and federal laws, contractual obligations, and its Code. In addition, the Compliance Committee assists the Chief Compliance Officer in the oversight of the Compliance Program.

The Compliance Committee is comprised of Vice Presidents, Directors and Managers who represent the senior level associates from the various departments of Passport.

Compliance Liaison Committee

The purpose of Passport’s Compliance Liaison Committee ("Liaison Committee") is to support the efforts of the Compliance Department and the Compliance Committee in creating a compliant and ethical environment at Passport. The Liaison Committee’s responsibility is to develop and initiate programs, ideas and feedback about compliance and ethics matters, train associates on compliance and ethical issues, and assist in identifying compliance and ethics topics that should be communicated to associates, members and providers.

This Liaison Committee is comprised of associates who represent the various Passport departments and who are not members of management.

Delegation Oversight Committee

The Delegation Oversight Committee ("DOC") is accountable to Passport’s Quality Medical Management Committee (QMMC). The DOC is responsible for the oversight of Passport’s subcontractors to which utilization and/or quality management, credentialing, member services, provider services, claims operations, and other administrative functions have been delegated. Oversight is accomplished through assessment of subcontractors and by the use of the DOC to review their activities. The Compliance Department uses a collaborative approach in that the DOC is comprised of Passport staff from various Departments and Business Units and representatives from the Partnership Council. The DOC oversees, monitors, performs audits and reports the contractual performance of delegated subcontractors in accordance with applicable NCQA elements, Passport’s contract with the Department, QMMC requirements and subcontractor contract’s Service Level Agreements (SLA). The DOC assesses pre-delegation visits and annual audits.

IV. Overview of Compliance Program

Passport’s Collaborative Approach to Compliance

At Passport, our goal is to cultivate a dynamic environment that will encourage compliant and ethical business conduct by integrating compliance considerations into business planning and execution. In this way, we can improve compliance efforts by bringing down the real and perceived walls that separate Compliance Department staff from their colleagues. We understand that when business managers and Compliance Department staff collaborate when business plans and strategies are being developed, all staff help Passport attain the ultimate goal of making the business more competitive without sacrificing integrity or accountability. Below are some of the ways Passport integrates compliance efforts with the operational aspects of Passport’s business.

- Oversight and Monitoring of Subcontractors
- Review of the provider recoupment/overpayment process
- Development of strategies to improve subcontractor encounter submissions
- Drafting policies for the handling of grievances and appeals
- Coordination on the implementation of prospective and retrospective claim edits

Key elements of Passport’s Compliance Program include, but are not limited to:

- Extensive policies and procedures that address specific areas of regulatory concern
- Dedicated compliance oversight functions; including oversight of subcontractors
- Multi-faceted training and education programs
Passport acknowledges that the implementation of such a program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is Passport's expectation that associates will comply with the Code, and the policies and procedures established in support of the Code. In the event that Passport becomes aware of violations of law or company policy, Passport will investigate the matter and, where appropriate, take disciplinary action or implement corrective measures to prevent future violations.

Passport has described below the fundamental elements of its Compliance Program. Passport tailored the Compliance Program to fit the unique environment and characteristics for which Passport operates (e.g., Passport is a provider sponsored organization, considered to be of medium size in terms of associates, structured with most associates in operational units and heavily dependent on contractual relationships with subcontractors that assist in providing Medicaid services to the Commonwealth of Kentucky).

Passport associates are expected to:

- Carry out your job duties with integrity, excellence, respect, and honesty
- Learn and understand what laws and regulations apply to their position and to comply with those requirements
- Exercise good judgment and do the right thing when performing your job duties
- Know Passport's Mission and Values and become a partner in fulfilling it
- Report suspected compliance violations, errors or issues

Associates are encouraged to contact their manager, the CCO, a member of the compliance team or the Compliance Committee with questions or concerns regarding compliance issues. An associate will be assured that when contacting any member of the compliance team:

- They will be treated with dignity and respect.
- Communication will be protected to the greatest extent possible.
- Questions or concerns will be seriously addressed and if not resolved at the time, the employee will be kept informed of the answer or the outcome.

An associate need not identify themselves, although it may be helpful for the CCO to contact the employee with additional questions.
V. Elements of the Passport Compliance Program

The Compliance Program is designed to foster a culture of compliance that begins at the executive level and permeates throughout the organization. In addition, this Compliance Program is based on the seven (7) widely recognized and fundamental elements to an effective compliance program listed below.

A. Written policies and procedures
B. Designated compliance officer and compliance committee
C. Effective training and education
D. Effective lines of communication
E. Internal monitoring and auditing
F. Enforcement of standards through well-publicized disciplinary guidelines
G. Prompt response to detected problems through corrective actions
H. Responding to past and potential violations
I. Corrective Action procedures

The following is a description of how Passport incorporates the seven (7) elements into its Compliance Program.

1. Written Policies and Procedures

Passport believes that two policies should be the foundation of the standards of conduct for associates and board members — (1) The Code; and (2) Conflict of Interest policies. The Code and Conflict of Interest policies set a minimum standard of conduct for associates and board members.

2. Code of Conduct

Passport’s Code is Passport’s statement of ethical and compliance principles that guide Passport’s daily operations. The Code provides evidence of Passport’s commitment to the lawful and ethical conduct of its business, to promote lawful and ethical behavior by its associates, and to protect those who report violations of the Code consistent with Passport’s Non-Retaliation Policy. The Code, approved by the Board of Directors, establishes that Passport expects associates, subcontractors, vendors and agents of Passport to act in accordance with law and applicable Passport policies. The Code articulates Passport’s fundamental principles, values and framework for action within Passport’s organization. The Code sets the expectation that all associates and board members carry out their responsibilities ethically and in a manner which avoids even the appearance of improper behavior.

3. Conflict of Interest

The Conflict of Interest Policy is not designed to prohibit conflicts of interest, but to protect Passport’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an associate or board member. A conflict of interest occurs when a Passport associate or board member allows personal gain to interfere or influence the performance of his/her work duties. Associates and board members are encouraged to avoid situations, which may be called into question and informed to disclose any potential conflict of interest. They are also informed to contact the CCO whenever there is doubt about any activity or relationship.

Situations which could be perceived as a conflict of interest include:

- Receiving gifts, payments or services from suppliers or vendors seeking to do business with Passport.
- An employee or employee’s immediate family having significant financial interest in a supplier or vendor that conducts business with Passport.
- Disclosing Passport’s confidential business information, such as financial data, fee schedule and pricing practices.

To facilitate assessment of any perceived or actual conflicts of interest, Passport requires annual conflict of interest disclosures and encourages associates and board members to disclose any potential or perceived conflict of interest when they occur.
4. Designation of Compliance Officer

Passport has designated a Chief Compliance Officer or CCO who is a member of the Executive Leadership Team. The CCO is responsible for the Compliance Program and management of Passport’s day-to-day Compliance Department operations, which is critical to ensuring that the Compliance Program remains visible, active, and accountable. In addition, the designation of the CCO enables Passport’s Board of Directors and CEO to have a single point of contact for receiving information about the activities of the Compliance Program without confusion regarding whose job it is to address particular aspects of the Compliance Program.

5. Education and Training

A critical element of Passport’s Compliance Program is the education and training of Passport's associates and subcontractors on their legal and ethical obligations under applicable state and federal laws, contractual requirements, and Passport policies. Passport is committed to taking all necessary steps to effectively communicate Passport's policies and procedures to all affected associates, subcontractors, vendors and board members. Passport regularly conducts in-person training presentations and seminars relating to Passport policies and procedures. Passport also has several e-learning courses available for use by associates on topics covered by Passport’s Compliance Program. Associates are kept up to date on the availability of training materials and any significant changes to Passport policies and procedures through Passport’s Company intranet and e-mail system. Passport regularly reviews and updates its training programs, and identifies additional areas of training on a continuing basis.

6. Internal Lines of Communication

Passport uses an external organization for Compliance Hotline reporting to help increase responsiveness and to help associates feel comfortable that anything reported will be completely confidential and anonymous. Passport believes this added layer of protection will encourage associates to report any concerns without fear of retaliation.

Passport is committed to fostering dialogue between management and associates. Passport’s goal is that all associates, when seeking answers to questions or reporting potential instances of fraud and abuse, should know who to turn to for a meaningful response and should be able to do so without fear of retaliation. To that end, Passport has adopted open-door policies, as well as confidentiality and non-retaliation policies. In order to further encourage open lines of communication regarding potential violations, Passport has established a toll-free Hotline, 1-855-512-8500, to allow individuals who want to report anonymously to do so. Passport’s Hot Line phone number and information regarding its use are prominently displayed on the Passport’s internet site and is posted throughout its facility. Passport has also established an E-mail at passportlistens@getintouch.com for reporting potential violations.

7. Auditing and Monitoring

Passport’s Delegation Oversight efforts include specific auditing and monitoring of each subcontractor’s policies and performance reports related to quality improvement/management, utilization management, credentialing, member services, provider services, claims operations, as appropriate, and other administrative services as defined by Passport’s contracts and NCQA accreditation requirements. Delegation Oversight assures that pre-delegation visits, quarterly reviews and annual on-site visits are performed to assess subcontractor performance against predetermined indicators and report findings. Delegation Oversight functions also includes review and analysis of any Passport concerns or deficiencies by subcontractors including recommending appropriate corrective actions. At the business owner’s direction, Delegation Oversight prepares appropriate communication to the subcontractors, requires a corrective action plan proposal and tracks compliance until resolution.

Passport’s Compliance Program includes efforts to monitor, audit, and evaluate compliance with Passport’s policies and procedures, including efforts to monitor the activities of subcontractors and vendors. The nature of Passport’s reviews as well as the extent and frequency of Passport’s compliance monitoring
and auditing varies according to a variety of factors, including new regulatory requirements, changes in business practices, and other considerations. Passport will continue to identify new and emerging risk areas and address these risks.

8. Responding to Past and Potential Violations

Passport’s Compliance Program includes procedures to screen potential associates, and Passport will not hire persons that have been excluded, debarred, suspended, or are otherwise ineligible to participate in Federal healthcare programs. Passport’s Compliance Program also includes clear disciplinary policies that set out the consequences (up to and including termination) if current associates violate the law or a Passport policy. Although each situation is considered on a case-by-case basis, Passport will consistently undertake appropriate disciplinary action to address inappropriate conduct and deter future violations.

9. Corrective Action Procedures

A compliance program increases the likelihood of preventing, or at least detecting, unlawful and unethical behavior. However Passport recognizes that even an effective compliance program may not prevent all violations. As such, Passport’s Compliance Program requires Passport to respond promptly to potential violations of law or company policy, take appropriate disciplinary action in a consistent manner, assess whether the violation is in part due to gaps in Passport’s policies, practices, or internal controls, and take action to prevent future violations.

VI. Areas of Focus for 2015

1. Program Integrity – Fraud, Waste, Abuse prevention and detection
2. Enterprise Risk Management Activities
3. Health Insurance Portability and Accountability Act (HIPAA) Privacy Program
4. Delegation Oversight

Every company, regardless of industry, knows the impact that fraud, waste and abuse can cause to their bottom line due to lost resources, efficiencies and reputation. Fraud, waste and abuse activities are unlikely to ease going forward, particularly with the Affordable Care Act (ACA) set to significantly increase the number of recipients. In addition, DMS has made it clear that they expect managed care organizations (“MCOs”) to make fraud, waste and abuse a priority. Passport is committed to the responsible stewardship of the Commonwealth of Kentucky’s Medicaid funds, our resources, and maintaining a comprehensive plan for detecting, preventing and correcting fraud, waste, and abuse. To that end, Passport has made program integrity a priority in 2015.

Passport also recognizes, as do most organizations, that for any compliance program to be successful, it must be supported by a comprehensive risk management program. Further, it is a best practice for companies to revisit their risk assessment on a periodic basis to evaluate the effect of internal and external changes to the company and the marketplace. Therefore, Passport has included risk management as a focus for its 2015 Compliance Program.

The following is a description of Passport’s Program Integrity and Risk Management Programs.
1. Passport Health Plan’s Program Integrity Efforts for the Prevention and Detection of Fraud, Waste and Abuse

Passport’s Program Integrity establishes internal controls, policies and procedures to ensure the prevention, detection and deterrence of fraud, waste and abuse. Passport’s procedures shall at all times be made available for review upon request by the Kentucky Department for Medicaid Services (“DMS”).

One of the objectives of the Compliance Program is to reduce the potential for fraud, waste and abuse by:

- Providing additional oversight of Passport’s compliance with fraud, waste and abuse laws, regulations, and rules imposed upon it by regulatory authorities
- Identifying and avoiding transactions or business practices that might result in irregularities in payment or reimbursement
- Minimizing the loss to the government from false claims, thereby reducing Passport’s exposure to civil damages and penalties, criminal sanctions, and administrative remedies, such as exclusion from the Medicaid/Medicare programs
- Encouraging associates, providers, subcontractors, vendors and members to report potential fraud, waste and abuse
- Improving operations
- Supporting Passport’s commitment to provide quality patient care

Program Integrity at Passport includes the following:

(a) Written policies, procedures, and standards of conduct that articulate Passport’s commitment to comply with all applicable federal and state standards.

(b) Establishment of a Program Integrity Unit (“PIU”) with primary responsibility for the prevention, detection of fraud, waste and abuse. At Passport, program integrity efforts involve a collaboration between PIU staff, Medical Management, Claims and Provider Claims Services Unit (“PCSU”) and creates a culture where there are consistent incentives to provide better health outcomes within a context that avoids over- or underutilization of services.

(c) Fraud, waste and abuse training is a priority of Passport. All training efforts shall be coordinated by the Chief Compliance Officer and/or his delegates. Mandatory annual Fraud, Waste, and Abuse training shall be provided to all Passport associates and subcontractors. All Compliance staff, including the PIU, shall receive specialized Fraud, Waste and Abuse training as to enable staff to effectively carry out the responsibilities of the Compliance Department including the PIU. Fraud, waste and abuse training shall be mandatory for all Passport subcontractors. The Compliance Department shall ensure that fraud, waste and abuse training is provided to members and contracted providers.

(d) The Compliance Department receives information about inappropriate activity through the Compliance Hotline. In addition, Passport maintains effective lines of communication with all Passport associates by way of meetings, Compliance Week activities, and the Passport intranet. In addition, the Chief Compliance Officer assigns Compliance staff as a direct contact with each of the respective Passport Departments, for the purpose of discussing with associates, information about fraud, waste and abuse issues.

(e) The PIU conducts internal monitoring and auditing of members and contracted providers. The PIU is responsible for oversight of claims data mining, analysis and investigations that aid in the prevention and detection of health claims fraud.

(f) The PIU responds promptly to potential offenses that are detected and includes the development of corrective action initiatives where appropriate.

(g) The PIU in conjunction with PCSU oversees Passport’s accounts receivable process to collect outstanding debt from members and providers.
2. Enterprise Risk Management

Risk management is fundamental to organizational control and a critical part of providing sound corporate governance. It touches all of the organization’s activities. The establishment of an effective risk management program is a key responsibility of management and the board, who are responsible for adopting a coordinated approach to the identification of organizational risks, creating controls to mitigate those risks, and monitoring and reviewing the identified risks and controls. They should ensure that risk management is integrated into the organization, both at the strategic and operational levels. Passport uses Enterprise Risk Management (ERM) as the framework and method for managing risks.

ERM is a company-wide process that enables all levels of management to identify, assess, manage, and control the risks identified. Passport’s ERM Program is a value-add process that provides management with reasonable assurance regarding the achievement of our objectives. As we continue to grow and execute our strategy, we consider the risks involved, the amount of risk that we are willing to accept (risk appetite), and the process for managing the risks identified (risk response). Our ERM Program empowers all associates to consider the risks associated with their day-to-day activities.

Passport’s ERM Program is structured to provide a top down/bottom up approach to identifying, analyzing, and monitoring risks impacting the organization. Oversight is provided by the Audit Committee of the Board of Directors, which by its own charter and Kentucky law is accountable for reviewing Passport’s risk management program. The Executive Leadership Team (ELT) designs the corporate strategy and establishes the desired level of risk our organization will take in pursuit of our mission.

Passport’s Risk Management Leader is responsible for:

- Establishing and communicating Passport’s ERM vision.
- Working with an empowered group of executives and senior leaders to define the appropriate role of risk management in the organization.
- Developing and communicating risk management policies.
- Working with executives to ensure the corporate control environment continues to (1) monitor risk across the enterprise, (2) manage organizational cultural issues effectively, and (3) oversee and enforce risk management policies.
- Ensuring appropriate risk reporting to the Audit Committee of the Board of Directors and Passport leaders.

The Internal Audit Group (IAG) is responsible for:

- Championing the establishment of the ERM Program.
- Maintaining the ERM framework documentation.
- Facilitating structured risk assessments with each Passport business area to synchronize risk tolerance and identify the most significant risks to achieving the corporate strategy, goals, and objectives.
- Assisting with the translation of risk assessments into risk responses.
- Evaluating the reporting and monitoring of key risks.

Providing assurance regarding the overall effectiveness and efficiency of the ERM Program. The Passport Business Units are responsible for:

- Aligning their risk priorities, tolerances, and strategies with Passport’s overall strategy and risk appetite.
- Identifying, analyzing, and managing key risks.
- Participating in the structured risk assessments with the IAG.
- Assisting with the development of risk responses to key risks.

To obtain additional coordination and collaboration, Passport has formed a Governance, Risk and Compliance Steering Committee (“GRC Steering Committee”). The purpose of the GRC Steering Committee is to integrate Passport’s
governance, risk management, and compliance functions. Among other things, the committee works to align common language and activities, and provides transparency in the approach in which the organization’s risk management objectives are met. It helps Passport accomplish its objectives by coordinating the approach to evaluate the organization’s financial, operational, compliance, security and strategic risks. Leaders from the Business Excellence Support Team, Compliance, Information Security, Internal Audit, Legal Services, and Marketing Compliance are represented on this committee.

Passport’s Enterprise Risk Framework contains four categories of risk: strategic, operational, financial, and compliance risks. Strategic risks are risks that impact the accomplishment of the overall strategy of the company. Operational risks are risks related to inadequate or failed internal processes, people, and systems, or from external events. Financial risks are risks that would impact the presentation of the company’s financial statements/financial reports. Compliance risks are risks related to an associate’s unethical behavior, the company potentially or actually being noncompliant with state and federal statutes, regulations and the company not complying with its contractual obligations. Each risk that is identified during assessment activities is categorized in one or multiple framework categories.

3. Health Insurance Portability and Accountability Act (HIPAA) Privacy Program

Passport’s Compliance Program ensures that its services meet all applicable HIPAA laws and recognized standards of business conduct. Components of the program include:

- **Designated Compliance Personnel**
  Passport has designated key individuals to oversee HIPAA privacy, security, contractual developments, and compliance. The Director of Compliance serves as the Designated Privacy Officer and the Manager of Information Security serves as the Designated Security Officer.

- **HIPAA Training**
  All Passport associates are required to participate in our HIPAA Training Program. This includes annual training to make sure all associates remain well informed. Passport maintains effective ongoing training on HIPAA including HITECH with all Passport associates by way of meetings, Compliance Week, e-mail communications and HIPAA inspections.

- **Maintaining Privacy and Security**
  Passport safeguards the privacy and security of health care data such as Protected Health Information (PHI) and Personally Identifiable Information (PII) through strict administrative and technical standards. At the technical level, Passport maintains a protected environment by utilizing controls and measures such as user-specific database access privileges, internal and external user authentication, secure and encrypted electronic transmission of patient data, and active intrusion detection.

- **Administrative safeguards** include the long-standing requirement that any Passport employee handling PHI and PII sign confidentiality and non-disclosure agreement related to such information and participate in HIPAA training. Keeping all PHI and PII confidential has the highest priority at Passport. Passport conducts periodic reviews to assess compliance with administrative safeguards.

4. Delegation Oversight

Delegation Oversight is a division of the Passport Compliance Department, and is responsible for working with Subcontractors to ensure compliance with DMS Contracts, Subcontractor contracts, and federal and state laws and regulations. The Delegation Oversight division is comprised of a Director of Compliance and one Manager of Delegation Oversight. Each Subcontractor is assigned to work with a Subcontractor Operations Analyst who serves as the Subcontractor’s main point of contact for all Operational matters. The Manager of Delegation Oversight oversees the Subcontractor’s compliance with the DMS contracts, Subcontractor contracts applicable to the Subcontractors, Passport policies and NCQA standards.

To ensure that Passport’s Subcontractors adhere to applicable requirements in the contract between Passport and DMS, Passport incorporates these requirements into Passport’s agreements with Subcontractors to
the fullest extent applicable to the service or activity
delegated. Accordingly, Passport’s Subcontractors are
provided with a copy of the Contracts with DMS, and are
required to review and understand the requirements and
conditions imposed on Passport and its Subcontractors
by the DMS Contracts.

The Contracts between Passport and DMS requires that
Passport maintain a National Committee for Quality
Assurance (NCQA) accreditation for the Medicaid
line of business. Passport will work collaboratively
with Subcontractors to maintain the accreditation by
developing the necessary reports that are mutually
acceptable to the parties and that comply with all
regulatory and accreditation requirements. Passport
updates requirements annually based on revisions
made by DMS, state and federal regulations, and
NCQA that affect Passport’s or Subcontractor’s
responsibilities. Applicable quality standards and
updates will be communicated to the Subcontractors
annually. Additionally, Passport will conduct an annual
site visit and file review of Subcontractors to ensure
compliance with the NCQA categories identified
below. The NCQA requirements include, but are not
limited to the following:

• Members’ Rights and Responsibilities
• Credentialing and Re-credentialing
• Quality Management and Improvement
• Utilization Management
• HIPAA
• Fraud, Waste, and Abuse
• Title VI and CLAS Standards
• Excluded and Termed Provider Check
• Secretary of State (SOS) Reporting
• Equal Employment Opportunity (EEO) Certification
• Liability Certification
• Medicaid Disclosure Form
• EPLS/OIG Verifications

VII. Closing

Passport believes that its Compliance Program reflects
Passport’s strong commitment to the highest standards of
corporate conduct and ethics. Passport continually strives to
prevent and detect violations of law or Passport policy, and to
encourage and promote ethical business conduct throughout
all levels of Passport’s organization.
The time is always right to do the right thing.