



2008

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A MESSAGE FROM THE CEO AND CCO

Independence Blue Cross is committed to the good health of our members by effectively and efficiently financing the delivery of quality health care, providing our members with high quality products and best-in-class service. To accomplish this, it is imperative that we conduct business within the laws that govern our industry and demonstrate the highest levels of professional and personal ethics.

The IBC *Code of Conduct* represents an important part of the company's commitment to ensuring that our work follows all applicable laws and is performed in an ethical manner. The *Code* sets the bar for the behavior that is expected of everyone at IBC (members of the workforce, officers and directors), and is designed to help you understand the laws and company policies that you must follow on the job. It also provides information on how to ask for advice or help.

As a representative of IBC, you are responsible for upholding our standards and complying with this *Code of Conduct* at all times. That's why each year we ask you to read the *Code* carefully and refresh yourself on the requirements presented in it. In addition, we require you to provide us with a *Certification and Disclosure Statement* that verifies your understanding of what you've read and your agreement to abide by it. These requirements are completed by each member of our workforce at the time of hire and annually thereafter, as a condition of employment.

As you read this 2008 edition of the *Code*, be sure to ask questions about anything you don't understand. If you have questions about the *Code* or believe that any of its provisions have been violated, you should talk with your supervisor, your HR Business Partner, an attorney in the Legal Department, or anyone in the Corporate Compliance Department. **You may also call IBC's Fraud and Compliance Hotline toll free at 1-866-282-2707 to make an inquiry or confidential report.** You can even remain anonymous when doing so. While asking a question or raising an issue may be difficult, rest assured that the management of IBC strongly supports the provision of this *Code* that prohibits retaliation toward anyone who makes a good-faith report.

We rely on you to use good judgment and to do the right thing, and we count on your assistance to maintain a corporate culture that values honesty and accountability.



Joseph A. Frick
President and
Chief Executive Officer



Karen G. Lessin
Senior Vice President, Internal Audit
and Corporate Compliance Officer

THE WORK ENVIRONMENT AT IBC

The continued professional and personal development of the people who work for Independence Blue Cross (IBC) is critical to our success as an industry leader. The company is committed to ensuring that all applicants and workforce members receive equal employment opportunities. Harassment based on an individual's race, sex, religion, color, age, national origin, disability, or sexual orientation is strictly prohibited, as is retaliation against an individual for making a good-faith complaint of discrimination or harassment or for participating in an investigation of any such complaint. We are also committed to a safe work environment for our workforce, and a drug- and alcohol-free workplace.

Equal Opportunity and Affirmative Action

IBC recruits, hires, trains, compensates, terminates, and treats individuals without regard to race, sex, religion, color, age, national origin, marital status, sexual orientation, or disability. We make reasonable accommodations for the known physical or mental limitations of an otherwise qualified applicant or workforce member as required by law. We act diligently to recruit, select, and place qualified minority group members, women, disabled veterans, and people with physical and mental disabilities in our workforce.

As a condition of your employment, you are expected to comply with IBC's *Equal Employment Opportunity Policy*. When on the job or acting as a representative of IBC, you may not express views that do not support these policies.

If you believe that any person connected to your employment at IBC (another workforce member, manager, visitor, contractor, customer, or other) has subjected you discrimination, you should bring the matter to the immediate attention of company management. You may speak with your supervisor, manager, director, senior director, vice president, or senior vice president. If for any reason you are uncomfortable discussing the matter with any one of them, or if you are not satisfied after bringing the matter to any one of them, you may discuss it with your HR Business Partner.

Prohibited Harassment

Harassment prohibited at IBC can include, but is not limited to:

- derogatory epithets or slurs about an individual's race, gender, religion, age, national origin, disability, or sexual orientation;
- "kidding," "teasing," or "joking" based on gender, age, race, religion, national origin, disability, or sexual orientation that a reasonable person could consider derogatory;

- leering or obscene gestures;
- the display of inappropriate, suggestive, or obscene objects or pictures;
- sending suggestive or obscene jokes, messages, or pictures via email, voicemail or inter-office mail.

As part of the IBC workforce, you are responsible for assuring that the workplace is free from harassment. Any form of prohibited harassment is unacceptable and will not be tolerated. If you violate the company's *Prohibited Harassment Policy* you will be subject to disciplinary action, up to and including termination of employment.

If you believe that any person connected to your employment at IBC (another workforce member, manager, visitor, contractor, customer, or other) has subjected you to prohibited harassment, you should bring the matter to the immediate attention of company management. You may speak with your supervisor, manager, director, senior director, vice president, or senior vice president. If for any reason you are uncomfortable discussing the matter with any one of them, or if you are not satisfied after bringing the matter to any one of them, you may discuss it with your HR Business Partner.

Non-Retaliation

Retaliation is any form of discriminatory or harassing treatment directed at you because:

- you have asserted a good faith claim alleging discrimination, harassment, sexual harassment, or other conduct prohibited by a federal state or local law; or
- you have filed a charge, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing concerning reports or allegations of unlawful discrimination or harassment.

If you believe that any person connected to your employment at IBC (another workforce member, manager, visitor, contractor, customer, or other) is retaliating against you, you should bring the matter to the immediate attention of company management. You may speak with your supervisor, manager, director, senior director, vice president, or senior vice president. If for any reason you are uncomfortable discussing the matter with any one of them, or if you are not satisfied after bringing the matter to any one of them, you may discuss it with your HR Business Partner.

Drug- and Alcohol-Free Workplace

IBC is committed to a drug- and alcohol-free workplace. Consequently, you may not use, sell, purchase, possess, or distribute illegal drugs, abuse legal drugs, or use or sell alcohol while on company property or while conducting company business.

For certain events sponsored by the company or held on company property, the Chief Executive Officer or the Senior Vice President, Human Resources may waive the prohibition against the use of alcohol. Prior notification and approval are required for such a waiver.

If you have been charged with drug-related offenses in a court of law and are found guilty or plead guilty or nolo contendere (no contest), you are required to report that information to your HR Business Partner within five (5) workdays of the event.

Weapons and Violence in the Workplace

The security of our workplace and the safety of our workforce are very important to the company. Therefore, IBC prohibits its workforce members from possessing firearms, other weapons, explosive devices, or other dangerous materials while on company premises, while on company business, or while attending any company-sponsored event.

Violent behavior, including but not limited to fighting, stalking, terrorism, hate crimes, or threats of violence, is not tolerated anywhere within the Independence Blue Cross Family of Companies.

If you are found in possession of a weapon on company property, while you are on company business, or at a company-sponsored event, or if you engage in violent behavior on the job, you will be subject to disciplinary action up to and including termination of employment.

IBC'S ETHICAL STANDARDS

Integrity, professionalism, and ethical behavior are all qualities that are important to Independence Blue Cross. We expect you to work within the limits of federal and state law, and have high ethical standards of behavior when dealing with providers, members, vendors, and others with whom the company does business. If you know of any situation, activity, practice, or action that may or does conflict with the interests of the company, it's your duty to disclose it.

Conflicts Of Interest

Any activity, practice, or act, including outside activities or personal interests that could influence—or even appear to influence—your ability to make objective business decisions, distract or hinder you from the performance of your job, or cause you to use IBC resources for purposes other than company business is considered a conflict of interest. You should avoid any actions or activities that may present a conflict of interest, or promptly disclose those actions or activities and seek guidance and resolution from company management.

The actions, activities, or interests of someone in your immediate family (spouse, children, parents, siblings, grandparents, and in-laws, or other individuals residing in your household) could also be considered a conflict of interest for you. For example, conflicts can arise if you or your immediate family members:

- have a material financial interest, excluding mutual fund accounts, in any company that does business with or competes with IBC, or which could affect your personal judgment on related business matters;
- engage in any transaction with the IBC (other than those associated with your employment) in which you/they have a material financial interest;
- gain personal enrichment through access or use of confidential information;
- misuse your position in a way which results in personal gain;
- are employed by or serve as a director, advisor, consultant, etc., of any customer, vendor, supplier, health care provider, or competitor;
- are involved in any outside activity that is so substantial that it may interfere with job responsibilities;
- have direct supervision of, or responsibility for, the performance evaluations, pay or benefits of any close relative.

Before engaging in any practice, activity, or action that is or has the potential to be a conflict of interest, you must disclose it to your immediate supervisor or manager. He or she may require you to review the issue with the Corporate Compliance Officer. In addition, you must disclose any practice, activity, or action that is or has the potential to be a conflict of interest on your *Annual Certification and Disclosure Statement*. If, after completing that form for the current calendar year, a situation arises that may be or may

become a conflict of interest, you must report it promptly to the Compliance Officer and must update your *Certification and Disclosure Statement* to include it.

Gifts, Entertainment, and Honorarium

As a member of IBC's workforce, you should not accept or solicit any items (other than those which have nominal or insignificant value) on behalf of yourself or the company that may or can appear to influence the performance of your official duties or your conduct on the job. Neither you nor any member of your immediate family (spouse, children, parents, siblings, grandparents, and in-laws, or other individuals residing in your household) should accept or solicit gifts (including cash or cash equivalents such as gift cards), entertainment, honorarium, favors, loans, or services from providers, customers, vendors, or others with whom the company does business.

You are permitted to accept or provide entertainment such as meals, refreshments, or invitations to sporting events, concerts, shows, or other social events which are in the ordinary course of business.

Individual business units and/or specific circumstances may require guidelines that are more restrictive than those contained in this *Code*. For example, the company's *Gifts, Entertainment, Honoraria and Outside Activities Related to Pharmaceutical Companies Policy* is more restrictive than the *Code of Conduct*.

If you have any question regarding the acceptance or provision of a gift, honorarium, favor, entertainment, or service, you should discuss it with your immediate supervisor or manager, who in turn may wish to review it with the Corporate Compliance Officer.

Relationships With Government Employees

Federal, state and municipal laws impose significant criminal penalties for bribing any public official, governmental employee, or candidate for public office. Specifically, these laws may prohibit you from offering or giving anything of monetary value (such as a gift, loan, contribution, reward, or promise of employment) to any public official, public employee, or candidate for public office—or any member of their immediate family—

based on your understanding that his or her vote, official action, or judgment would be influenced as a result.

In addition, federal, state, and municipal governments may also restrict you from providing gifts, tickets to events, meal costs, or other business courtesies to public employees. You should consult with the Corporate Compliance Officer or the Legal Department on any question concerning the application of federal, state, or municipal laws to a particular circumstance.

Political Activity

The company encourages its workforce to vote and to be personally active in the political process.

Federal and state election laws prohibit corporations from making contributions in connection with any election for office. Accordingly, you may not make such a contribution on behalf of the company. However, you may make private, personal contributions directly to a political candidate or party through political action committees.

It is against IBC policy for you to include—either directly or indirectly—any political contribution on a company expense account, and both IBC policies and the law prohibit the company from reimbursing you for any expense connected with political fund-raising. In general, the cost of fund-raising tickets for political functions is considered a political contribution; therefore, including the cost of any such function on an expense account is prohibited, even if business is discussed at that function. Using your work time in a formal campaign may be considered the equivalent of a contribution by the company, and therefore is strictly prohibited.

If you choose to seek an elective office or work on a campaign, you must use your own time, whether it is vacation, unpaid leave, outside business hours, or on weekends, for campaigning or performing the duties of your elective office. You may not use the influence of your position to coerce a fellow workforce member to work for a candidate or political organization, or to make private, personal contributions to a party or candidate. Workforce members will be neither favored nor penalized for their participation in, or abstention from, legal political activities.

The political process has become highly regulated. If you have questions about proper political conduct, you should consult with the Legal Department before agreeing to do anything that might involve or appear to involve the company in political activity at the federal, state, or local level.

CONDUCTING BUSINESS AT IBC

IBC takes its responsibility to comply with the laws and regulations that govern our business very seriously. It is our policy to maintain truthful and accurate books, records, and documents, to cooperate with government investigations and audits, and to comply fully with the letter and spirit of federal and state antitrust laws. In addition, IBC prohibits any behavior that violates fraud and abuse laws and will investigate all allegations of fraud and abuse related to our business.

Accuracy of Books, Records, and Documents

Good business practice, various laws, and our obligations as a government contractor require us to take the utmost care to ensure that our records reflect the true nature of the transactions represented in them. These transactions include financial, operational, statistical, or other information, including submissions to the government.

You are responsible for the integrity and accuracy of the company books, documents, and records that you contribute to or maintain in relation to your job duties. You must keep all company records in accordance with applicable laws, contracts, and company policies, including all accepted accounting standards, practices, rules, regulations, and controls. Your responsibility includes protecting company records from accidental destruction and maintaining them in accordance with IBC's *Records Retention Policy*.

You are also obligated to document your work truthfully. You may not make false entries in any internal or external document, book, record, memorandum, correspondence, or other communication, including telephone, electronic, or wire communications. You may not establish funds or assets for any undisclosed and/or unrecorded purpose

Government Investigations

Appropriate handling of government investigations is very important, both for the company and for you. Virtually all the laws regulating our business—including antitrust, insurance, government procurement, and financial laws—contain criminal and civil penalties. If you take an action or fail to take an action that results in a violation of those laws, criminal penalties can apply not only to the company but also to you as an individual.

In some government investigations, company attorneys can protect the interests of both the company and individual workforce members. In other cases, however, there may be potential conflicts of interest between the company and the individual(s). If you are involved in such a case, you may need your own legal counsel. You can consult with IBC's Legal Department as to whether the company will provide legal representation for you.

During a government investigation, both you and the company have the right to be represented by legal counsel at all times. Whether during or outside business hours or on or off company property (such as in your home), you may ask government investigators for time to consult with legal counsel before answering any questions.

If government investigators or auditors contact you, or if you receive a subpoena, you should notify the Legal Department so that both you and IBC can be protected. You should never mislead or provide false or inaccurate information to government investigators, nor should you alter or destroy company documents in anticipation of a request by the investigator, government agency, auditor, or court.

Fraud and Abuse

Health care fraud and abuse costs the nation's health care system millions of dollars each year. Fraud is defined as the intentional use of deception for unlawful gain, and in the health care arena most often involves a misrepresentation and/or false statement regarding a claim for payment. Abuse of health care benefits is the improper and/or excessive use of benefits or services, including reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for the delivery of health care.

There are laws in place to combat health care fraud and abuse. Federal law prohibits the submission of false eligibility statements and/or claims to Medicare- and Medicaid-funded programs, including excessive claims, claims for unnecessary services, and claims for services not performed. Federal law also prohibits certain forms of incentives for referrals, items, or services for which payment is made under Medicare or Medicaid programs. Similar state provisions are in force.

In addition to criminal penalties, federal law imposes civil fines on any person or insurance company that submits a Medicare or Medicaid claim when the individual submitting the claim knows or should know that the claim is false, fraudulent, or misleading. Civil penalties can also be imposed for filing false discharge information and for payments made to physicians as incentives to reduce or limit patient services.

Violations of these laws can result in IBC's exclusion from government programs such as Medicare. Therefore, under no circumstances may you engage in any conduct that violates state or federal fraud and abuse laws.

Because certain parts of its operations involve federally-funded State health care programs such as Medicaid, IBC has appropriately implemented applicable provisions of the Deficit Reduction Act of 2005, requiring written policies and education for employees, contractors, and agents on the federal False Claims Act, federal administrative remedies, applicable State law pertaining to criminal and civil penalties for false claims, and whistleblower protections. IBC's written policies and education further establish procedures for detecting fraud, waste, and abuse, including its disclosure

program that contains provisions for anonymous reporting and prohibits retaliation for reporting actual or potential violations of company policy or applicable regulations.

IBC has established a practice of reviewing our programs to determine that they are appropriate and in compliance with applicable program laws and standards. All officers, directors, agents, and associates are required to disclose if they have been convicted of a crime punishable by mandatory exclusion from Medicare and Medicaid, have received a civil fine or penalty, or have been excluded from participation in Medicare and Medicaid programs.

Included in our commitment to all statutory, regulatory and other requirements for the government programs in which we participate is our commitment to meeting Medicare Part D program requirements and standards. We expect that all IBC workforce members and government program subcontractors will act in an ethical and compliant manner when conducting business related to Medicare Part D. You should refer to our corporate policies for specific guidance related to Medicare's Part D program.

Auditors

No IBC officer, director, or workforce member, or any other person acting under the direction thereof, should take any action to fraudulently influence, coerce, manipulate, or mislead any auditor engaged in the performance of any audit for the purpose of rendering the financial statements materially misleading.

Antitrust

U.S. antitrust laws are designed to promote fair competition by prohibiting agreements that restrain trade (such as agreements by competitors on the price they will charge for a given product or service). Other practices that limit competition (such as fixing bids for contracts and carving up markets) may also violate antitrust laws.

Agreements with Competitors

Under antitrust laws, competitors may not make agreements on the prices they will charge for products or services, the territories in which each company will sell products, customers to whom each company will offer its products, types of products, or the amount of any product each company will produce or offer for sale in the marketplace. In addition, competitors may not agree on the use or non-use of certain customers or vendors or on any contract terms and conditions. If you have any business dealings with IBC's competitors, you should seek guidance from the Legal Department.

Tying Arrangements

Tying arrangements exist when one company conditions the sale of goods or services on the purchase of some other, unrelated good or service. Antitrust laws

prohibit these arrangements.

Selection of Customers and Vendors

Generally, IBC is free to select its own customers and vendors. However, there may be situations when the selection of a customer or a vendor in conjunction with another company (particularly a competitor) is prohibited by antitrust laws. In addition, agreements between two or more companies not to do business with a third company may be a violation of the antitrust laws.

Fairness in the Marketplace

Antitrust laws also protect fair competition in the marketplace. If a business unfairly takes advantage of its position in the marketplace and uses unlawful means to protect its position by hindering its competitors' ability to compete fairly, it may be violating antitrust laws.

Fair Dealing

Each workforce member, officer, and director should endeavor to deal fairly with IBC's customers, suppliers, competitors, and employees. You should not seek to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material factors, or any other unfair-dealing practice.

Antitrust laws are extremely complex. Contact the Legal Department whenever there is a question about antitrust issues.

IBC INFORMATION AND RESOURCES

Safeguarding information is every workforce member's business. Given the highly personal and sensitive nature of protected health information (PHI), our members expect the company's workforce to treat their PHI with respect and in accordance with all applicable privacy laws. We must ensure that all electronic systems, including business operating systems, software, and corporate email, are utilized in accordance with corporate standards and for the purposes of conducting the business of IBC. Our corporate policies and procedures reflect the expectations of our members and the needs of our company to keep confidential and proprietary information and company property secure.

Confidential and Proprietary Information

The company's confidential and proprietary information is a valuable asset that all workforce members must handle with great care. Examples of confidential and proprietary information may include: personnel data, member data, provider data, corporate policies and procedures, financial information, strategic plans and/or marketing strategies, vendor information, or other internal communications which may be considered part of an internal business decision.

It is your obligation to exercise all due care to ensure that information considered confidential or proprietary is protected. While you may use this information inside IBC to perform your job, you may not share it with any other individuals, either inside or outside IBC, unless they have a legitimate need to know. When that is the case, you must share the information in accordance with all state and federal laws and regulations.

You are responsible for compliance with all laws, regulations, and corporate policies related to confidential and proprietary information including specific laws related to PHI. No personal use or review of PHI is permitted, even if you have legitimate access to the information in your role at IBC.

In certain cases, some information can be released if the appropriate authorization is received. To best understand what can and cannot be released, review our corporate policies related to privacy and proprietary information, which are located on the Corporate Administrative Policies page of the I-way.

Software Licensing, Data Security and Control, and Corporate Email

Information and information systems are critical assets of IBC. Our clinical and business decisions rely heavily on timely access to accurate information in our systems.

Because computer passwords are the key to accessing company systems and information, you must keep your passwords confidential.

All communication systems, including corporate email, the I-way (our corporate intranet), Internet access, and voicemail are the property of IBC and are to be used primarily for business purposes. Highly limited, reasonable personal use of these systems is permitted provided that such use is appropriate, does not result in additional cost to the company, and complies with IBC policies. Communications delivered via corporate systems are not private and are monitored.

All associates must comply with IBC's corporate policies on these subjects. Corporate policies relating to information security, software licensing, and email can be found on the I-way.

Use of Corporate Assets

Company property includes time, supplies, and information as well as all physical items and electronic systems in the workplace such as computers, software, email, work stations, phones, photocopying machines, and filing cabinets.

Personal use of IBC property is prohibited. However, incidental personal use of items such as email, the Internet, and telephones is permissible provided it is appropriate, does not result in additional cost to IBC, and complies with IBC policies, such as the policies on cell phones and email. IBC reserves the right to open, inspect, and access all electronic and physical property and to monitor your use of email, the Internet, and the World Wide Web.

If you have a company computer at home, you are the only individual permitted to use it.

Loans

Loans to officers and directors are prohibited. Loans shall not include borrowing from an individual's 401K account established under the company's benefit plan documents.

VIOLATIONS OF THE *CODE* AND COMPANY POLICIES

As member of IBC's workforce, you have an obligation to report any improper conduct, including violations of law, this *Code*, or any IBC policy so that the company can investigate and, where appropriate, report the matter to government agencies such as CMS, its designee, and/or law enforcement.

If you have knowledge of any illegal, unethical, or fraudulent activity, or any activity that is inconsistent with this *Code* or IBC policies, you are required to discuss the matter with your supervisor. If you are uncomfortable doing so, you may contact your next level of management, the Corporate Compliance Officer, or the Legal Department. You may also report matters of concern by using the Fraud and Compliance Hotline.

Failure to cooperate with internal investigations, audits or inquiries, or failure to comply with this *Code of Conduct* or any company policy may constitute grounds for disciplinary action, up to and including termination of employment.

Attorney Conduct

Attorneys should report evidence of a material violation of law or breach of fiduciary duty or similar violation by IBC or any subsidiary or affiliate, or any agent thereof, to the General Counsel or the President and CEO. If the General Counsel or President and CEO does not appropriately respond to the evidence (adopting, as necessary, appropriate remedial measures or sanctions with respect to the violation), the IBC attorney should report the evidence to the Audit Committee of the Board of Directors or to another committee of the Board of Directors comprised solely of directors not employed directly or indirectly by the Company, or to the Board of Directors.

Getting Help

Your immediate supervisor is often the best place to start when you suspect possible compliance violations or need to ask a compliance-related question. There are several other resources you can consult as well, including your HR Business Partner, the Legal Department, or the Corporate Compliance Department. **If you wish to make a confidential report, you may call the toll-free Fraud and Compliance Hotline:**

1- 866-282-2707

You can make your report to the hotline anonymously if you wish. However, you are encouraged to identify yourself if possible so that adequate investigations can be performed.

Retaliation or any other form of reprisal against anyone who makes a good-faith report of a violation of law, this *Code of Conduct* or company policy is strictly prohibited. This policy is not intended to create amnesty for anyone directly involved in fraud or misconduct; however, a good-faith, truthful, prompt report will be taken into consideration in connection with any disciplinary action.