

MAGELLAN MEDICAID ADMINISTRATION

MEDI-CAL Rx PROGRAM CONFLICT AVOIDANCE REPORT AND PLAN

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TABLE OF CONTENTS

	Page
I. EXECUTIVE SUMMARY	1
II. ISSUE STATEMENT.....	3
III. FACTUAL BACKGROUND.....	4
A. MMA and Magellan Health.....	4
B. Centene Corporation.....	4
C. The Transaction	4
D. Medi-Cal Rx Contract Functions.....	4
1. Claims processing and administration	4
2. Prior authorization services.....	4
3. Provider payments	5
4. Customer service center.....	5
5. Rebate administration	5
E. Functions MMA Will Not Perform.....	5
1. Will not negotiate with pharmacies	5
2. Will not develop rates	5
3. Will not negotiate rebates	6
4. Will not audit pharmacies.....	6
5. Will not provide MCP functions.....	6
F. Centene’s MCP Contracts.....	6
G. MCP Data Sharing with MMA.....	6
H. Centene Specialty Pharmacies and Touchpoints with MMA	7
1. Claims processing.....	7
2. Provider payments	7
3. Pharmacy support, education, and outreach	7
4. Prior authorizations.....	8
5. Fraud, waste, and abuse support	8
IV. CONTRACT STANDARDS AND THE NATURE OF ORGANIZATIONAL AND PERSONAL CONFLICTS OF INTEREST	8
A. Medi-Cal Rx Contract Standards.....	8
B. Organizational Conflicts of Interest Versus Personal Conflicts of Interest.....	9
1. OCIs	9
2. COIs	9

TABLE OF CONTENTS

(continued)

	Page
C. Categories of and Addressing Organizational Conflicts of Interest	9
1. Categories of OCIs.....	9
2. Addressing Organizational Conflicts of Interest.....	10
V. CONFLICT AVOIDANCE PLAN FRAMEWORK.....	11
A. CAP Standards	11
1. OCIs	11
2. COIs	11
B. MMA CAP Creation Process.....	12
VI. CONFLICTS TO BE ADDRESSED.....	13
A. OCI: Unequal Access to Medi-Cal Rx Data and Information	13
B. OCI: Unequal Access to Pharmacy Acquisition Cost Data	13
C. OCI: Unequal Access to Centene Pharmacy Patient Data.....	13
D. COI: Individual Conflicts of Interest and Prohibitions Under the Political Reform Act.....	14
E. MMA Contract Subcontractors.....	14
VII. CONFLICT AVOIDANCE MEASURES.....	14
A. Scope.....	14
B. Organizational Experience and Commitment to the CAP	14
C. Third-Party Monitor Oversight.....	15
D. Corporate Structure.....	15
1. Magellan Current Corporate Structure.....	15
2. Corporate Structure Following the Close of the Transaction	15
E. Technological Safeguards.....	17
1. MMA’s Systems	17
2. MMA’s System Security Plan	20
3. Monitoring Mechanisms	21
F. Physical Security.....	22
G. Compliance Program	22
1. MMA Government Liaison.....	22
2. Centene Compliance Program generally	23
3. Employee training and awareness.....	23

TABLE OF CONTENTS

(continued)

	Page
4. Employee personal responsibility	26
5. Policies and Procedures	27
H. Enterprise Risk Management Process.....	27
I. Avoidance of MAIC Rate Development Information	27
J. Operational Workarounds.....	27
VIII. CAP Review, Oversight, and Validation	28
A. CAP Review.....	28
B. CAP Oversight and Validation	29
1. Government oversight.....	29
2. Third-Party Monitor oversight.....	29
IX. Magellan, MMA, and Other Organizations' Obligations	31
A. Non-Compliance with the CAP	41
1. Individuals.....	41
2. MMA.....	41
X. Conclusion	41

ACRONYMS AND DEFINITIONS

<u>Term/Acronym</u>	<u>Definition</u>
CAP	Conflict Avoidance Plan
COI	Conflict(s) of Interest
Confidential Information	For purposes of this CAP, means personal information, protected health information, sensitive information, and all other confidential non-public or proprietary information that MMA may access or receive from DHCS and/or Medi-Cal plans or other organizations under the Contract.
Consultant	“Consultant” is used as a term of art, consistent with the Political Reform Act of 1974, and the supporting regulations, including, but not limited to Title 2 CCR §18700.3(a), and identified in the DHCS Conflict of Interest Code.
Designated Employee	“Designated Employee” is used as a term of art, consistent with the Political Reform Act, including, but not limited to, California Government Code §82019 (“Section 82019”) and Title 2 CCR §18219. For purposes of Section 82019 the term “Designated Employee” includes a “Consultant” as defined under Regulation 18700.3(a).
DHCS	Department of Health Care Services
DMHC	Department of Managed Health Care
FAR	Federal Acquisition Regulations
HIPAA	Health Insurance Portability and Accountability Act
HITRUST	A health care industry best practice certification obtained by organizations that create, access, store, or exchange sensitive and/or regulated data.
MCP	Refers to Medi-Cal Managed Care plans contracted with DHCS.
Medi-Cal Rx Contract or Contract	Refers to Contract No. 19-96125, as amended, between DHCS and MMA to provide multiple pharmacy benefit administration services.
MMA	Magellan Medicaid Administration
NIST	National Institute of Standards and Technology

ACRONYMS AND DEFINITIONS

OCI	Organizational Conflict(s) of Interest. Defined by the FAR as a situation where “because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, or the person’s objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.” (48 CFR §2.101.)
Political Reform Act	Refers to the California Political Reform Act of 1974, Government Code Section 81000 et seq. and Tit. 2 CCR §18109 et seq. (collectively, the “Political Reform Act”).
SOC 2	An auditing procedure and certification developed by the American Institute of Certified Public Accountants that assesses the extent to which an organization complies with one or more of five trust service principles, including security, availability, processing integrity, confidentiality, and privacy.
Transaction	Refers to the definitive Agreement and Plan of Merger Between Centene Corporation and Magellan Health, Inc.

I. EXECUTIVE SUMMARY

The Department of Health Care Services (“DHCS”) holds Contract No. 19-96125 (“Medi-Cal Rx Contract” or “Contract”) for the provision of pharmacy benefit administration services with Magellan Medicaid Administration, Inc. (“MMA”). MMA is a subsidiary of Magellan Health, Inc. (“Magellan”).

On January 4, 2021, Magellan and Centene Corporation (“Centene”) announced that they had entered into a definitive Agreement and Plan of Merger which, upon closing, will result in Magellan becoming a wholly-owned subsidiary of Centene (the “Transaction”).

This planned corporate Transaction raises certain organizational and personal conflict of interest issues. The Contract requires that MMA (including any of its parent companies) remain “independent of Medi-Cal managed care plans [or] other health care providers...that contract[] with the Medi-Cal program in the State...” (Contract, Exhibit E-A1, §10.C.) After the Transaction closes, MMA would no longer be “independent” as required by the Contract because Centene operates two (2) California managed care plans (“MCPs”) and four (4) specialty pharmacies that participate in Medi-Cal.

The Contract states that a lack of independence is permissible provided that MMA provides prompt disclosure of the issue and DHCS accepts a conflict avoidance plan. MMA disclosed the proposed transaction on January 4, 2021 (the same day it was publicly announced) and has submitted this conflict avoidance plan (“CAP”) for DHCS analysis, and acceptance, modification or rejection.

The objective of this Conflict Avoidance Plan is to identify and avoid, neutralize, or mitigate organizational and personal conflicts of interest.

There are several potential conflicts that need to be addressed. First, MMA holds Medi-Cal Rx data and information, such as paid claims data, relating to many MCPs. Unauthorized access to such data and information by Centene may provide it with an unfair competitive advantage. Second, a MMA subcontractor has also been engaged by DHCS to survey pharmacies and recommend certain pharmacy reimbursement rates. Similarly, Centene access to such data could also provide an unfair competitive advantage. Third, Centene-owned specialty pharmacies fill prescriptions for MCP beneficiaries, including Centene’s MCP beneficiaries, and access to pharmacy patient data could provide Centene with a competitive advantage. Fourth, the Political Reform Act requires that Designated Employees that have an individual conflict of interest not make, or participate in the making of, a decision that implicates the conflict.

In this Conflict Avoidance Plan, MMA proposes to avoid, neutralize, or mitigate these conflicts through a combination of measures. After the Transaction closes, MMA will be kept operationally separate from Centene’s health plan business line and there will be no integration or sharing of MMA’s employees, processes, information technology systems, or data with that Centene business line. DHCS has also reviewed MMA’s information systems and related operational processes used to support the Contract and believes that they will be effective in preventing the unauthorized access of Medi-Cal Rx data and information, including by Centene MCPs and specialty pharmacies. Centene executive leadership will also only be permitted to

review summary level financial and operational data relating to MMA. Finally, with respect to the subcontractor engaged in the development of pharmacy reimbursement rates, MMA will not have access to any of the information held by the subcontractor relating to the development of such rates, so as to avoid any potential conflict entirely.

In addition to these measures, both MMA and Centene have established training and education programs that teach or remind employees of their obligations regarding the treatment of confidential information and to identify and avoid organizational and personal conflicts of interest. Both companies have established compliance programs, including appropriate disciplinary measures, which should also provide an effective deterrent to the potential misuse of Confidential Information.

Finally, in order to avoid any potential issue under the Political Reform Act, MMA has agreed that DHCS will render final determination on any requests for prior authorization submitted by a Centene specialty pharmacy that requires manual clinical review. MMA will not be involved in any program integrity/fraud, waste, and abuse activities of these pharmacies.

In order to ensure the success of the Conflict Avoidance Plan, DHCS will appoint a Third-Party Monitor to oversee MMA and Centene's compliance with the terms of the CAP. A critical activity of the Third-Party Monitor will be frequent monitoring for potential unauthorized access to MMA systems used to support the Contract. This regular monitoring will include the Third-Party Monitor's weekly review of MMA's list of authorized system users and administrators against user access and activity logs to determine if any potential inappropriate access may have occurred. The Third Party Monitor will investigate any discrepancies.

The Third Party Monitor will also review MMA and Centene's compliance with other undertakings within the CAP. These include requirements around employee training and awareness of responsibilities regarding organizational and personal conflicts of interest, ensuring employees attest to their understanding of applicable compliance and Contract requirements, periodic review of policies and procedures applicable to the CAP, and certain Human Resources activities designed to instruct or remind employees working on the Contract of their obligations to comply with applicable compliance and Contract requirements. MMA and Centene will also be required to attest to their compliance with these requirements.

MMA believes that the measures set forth in this CAP will avoid or sufficiently neutralize or mitigate all of the real or apparent organizational and personal conflicts of interest presented by Centene's acquisition of Magellan. MMA, Magellan, and Centene have also committed that, in the event of a change in facts or circumstances that could give rise to a real or apparent organizational or personal conflict of interest, they will provide prompt disclosure to the Third Party Monitor or DHCS, as applicable, of such issue and will take additional measures necessary to ensure MMA's freedom from the conflict of interest for the life of the Medi-Cal Rx Contract.

The CAP was updated as of August 29, 2022 to reflect changes made due to operational policy decisions made by DHCS and to ensure consistency with the Undertakings agreed to with the Department of Managed Health Care ("DMHC") by Centene and Magellan in connection with the DMHC's approval of Centene's purchase of Magellan (hereinafter referred to as "DMHC Undertakings"), and also to reflect Centene's divestiture of certain of its pharmacies. In the event

of any conflict between the DMHC Undertakings and this CAP, this CAP shall govern on matters related to the Medi-Cal Rx Contract.

II. ISSUE STATEMENT

MMA holds Contract No. 19-96125 (“Medi-Cal Rx Contract” or “Contract”) with DHCS for the provision of pharmacy benefit administration (“PBA”) services. On January 4, 2021, MMA’s ultimate parent, Magellan Health, Inc. (“Magellan”), and Centene Corporation (“Centene”) announced that they had entered into a definitive Agreement and Plan of Merger which, upon closing, will result in Magellan becoming a wholly-owned subsidiary of Centene (the “Transaction”).

The Contract requires that MMA (including any of its parent companies, which would include Centene after the Transaction closes) remain “independent of Medi-Cal managed care plans [or] other health care providers...that contract[] with the Medi-Cal program in the State...” (Contract, Exhibit E-A1, §10.C.) Within its portfolio of companies and businesses, Centene operates two (2) California managed care plans (“MCPs”) and four (4) specialty pharmacies that participate in the Medi-Cal program.

This Conflict Avoidance Plan (“CAP”) addresses both instances (i.e., Medi-Cal managed care plans and specialty pharmacies) that relate to MMA’s Contractual independence. First, in preparation for the transition of services to MMA, DHCS directed that all MCPs share certain claims information and other data with MMA. DHCS also provided certain beneficiary medical data to MMA. Once MMA’s solution is implemented, MMA will also generate claims transactions and other data relating to Medi-Cal beneficiaries associated with those MCPs. Second, the Centene specialty pharmacies will also continue to service Medi-Cal beneficiaries. In doing so, some or all of the four (4) Centene specialty pharmacies, like all other pharmacies enrolled in Medi-Cal, may submit claims to MMA through the point-of-sale claims processing system, submit requests for prior authorization, and generate patient-related records.

It is imperative that the data MMA and the Centene specialty pharmacies currently hold and will generate in the future regarding Medi-Cal beneficiaries not be subject to improper or anticompetitive use. MMA acknowledges that, consistent with the Medi-Cal Rx Contract, DHCS data is a valuable asset of DHCS and not an MMA asset that can be leveraged in any way other than to deliver business value to DHCS pursuant to the Medi-Cal Rx Contract. (Contract, Exhibit E-A1, §24.) In addition, Centene’s ultimate ownership of MCPs, MMA, and the specialty pharmacies must not result in unfair advantage for Centene or any of its entities or businesses.

The Contract specifically contemplates these circumstances. It provides that the corporate relationships contemplated by the Transaction “are permissible so long as prompt, full disclosure is made and adequate Avoidance Plans and procedures are developed, and reviewed and accepted by DHCS.” (Contract, Exhibit E-A1, §10.C.) MMA disclosed the Transaction to DHCS immediately after it was announced. MMA submits this CAP for DHCS analysis, and acceptance, modification, or rejection.

III. FACTUAL BACKGROUND

A. MMA and Magellan Health

Currently, MMA is a wholly-owned subsidiary of Magellan Healthcare, Inc., which, in turn, is wholly-owned by Magellan Health, Inc. Magellan Health, Inc. is currently publicly traded on the NASDAQ under the ticker symbol “MGLN”.

B. Centene Corporation

Centene Corporation is a multi-national healthcare enterprise. Centene’s stock is publicly traded on the New York Stock Exchange under the ticker symbol “CNC”.

Centene operates two (2) separate and distinct business units: “Markets and Products” and “Health Care Enterprises” (“HCE”). The Markets and Products companies provide health plan coverage to individuals through government subsidized and commercial programs. The Markets and Products business unit also includes Centene’s Medicare Advantage and Marketplace lines of business. HCE companies offer diversified healthcare services and products to Centene’s Markets and Products business unit, as well as external customers.

C. The Transaction

On January 4, 2021, Magellan and Centene notified the DHCS that they had entered into a definitive Agreement and Plan of Merger (the “Merger Agreement”), which, upon closing, would result in Magellan (and its multiple entities, including MMA) becoming a wholly-owned subsidiary of Centene. On December 31, 2021, the DMHC approved the Merger Agreement, and the transaction contemplated by the Merger Agreement subsequently closed on January 4, 2022.

D. Medi-Cal Rx Contract Functions

Pursuant to the Medi-Cal Rx Contract, MMA will perform a wide range of pharmacy benefit administration (“PBA”) services for DHCS and Medi-Cal beneficiaries. Under the Medi-Cal Rx Contract, MMA’s services primarily include:

1. Claims processing and administration

Pharmacy providers enrolled with DHCS will submit claims to MMA, and MMA will process such claims through its automated point-of-sale claims processing system. Rates paid to pharmacy providers are negotiated by DHCS.

2. Prior authorization services

For claims requiring that Medi-Cal beneficiaries satisfy certain clinical criteria prior to obtaining a requested drug or supplies, MMA will review prior authorization requests. MMA intends to handle some requests through an auto-adjudication process whenever possible (such as when the claims processing system houses all information to automatically determine coverage). In other instances, MMA will utilize clinical and non-clinical staff, as appropriate, to review such requests.

3. Provider payments

On a weekly basis, MMA will invoice DHCS for all adjudicated claims, receive payment from DHCS for those claims, and pay enrolled pharmacies for all of the claims through either electronic payment or by check.

4. Customer service center

MMA will maintain a customer service center to handle beneficiary, prescriber, and pharmacy provider inquiries. For example, beneficiaries may call to inquire about their drug coverage, the location of enrolled pharmacies, or cost sharing obligations. Pharmacy providers, for example, may call to inquire about these matters, as well as to seek assistance in processing claims through the point-of-sale system, or if they have questions about the status of a claim payment.

5. Rebate administration

MMA will manage, calculate, and process all federal rebates in compliance with the Medicaid Drug Rebate Program (“MDRP”), as well as all State supplemental drug rebates in accordance with DHCS requirements. State supplemental rebates include rebates paid by manufacturers on claims paid by fee-for-service Medi-Cal, MCPs, and other DHCS contractors. As noted below, DHCS will negotiate rebates.

The Contract outlines MMA’s affirmative responsibility to perform all of the above functions, and many others.¹

E. Functions MMA Will Not Perform

Conversely, MMA will not perform any of the following functions:

1. Will not negotiate with pharmacies

MMA is not responsible for, and will not be involved in, enrolling or disenrolling pharmacies from Medi-Cal nor negotiating reimbursement rates or dispensing fees with Medi-Cal pharmacy providers, including, but not limited, to Centene’s specialty pharmacies. DHCS performs these functions. MMA imports the DHCS-negotiated rates and fees into its claims processing system in order to adjudicate claims.

2. Will not develop rates

MMA is not responsible for the development of appropriate rates and fees for pharmacy providers, or the recommendation of such rates to DHCS. Instead, Mercer Government Human Services Consulting (“Mercer”) is contracted by DHCS to survey pharmacy providers regarding their acquisition costs and to recommend appropriate Maximum Allowable Ingredient Cost (“MAIC”) rates to DHCS. MMA will import into its claims processing system the rates that DHCS ultimately approves in order to adjudicate claims.

¹ Other responsibilities include provider education and outreach, establishment of a secure web portal for providers and beneficiaries, and prospective and retrospective drug utilization review.

3. Will not negotiate rebates

MMA will not be involved in the negotiation of rebate amounts with pharmaceutical manufacturers. The MDRP under federal law establishes base rebate rates for brand and generic drugs. DHCS negotiates the amount of any supplemental rebates directly with manufacturers. MMA's role in this process is administrative only, i.e., to bill and collect the applicable amounts provided by federal law and the State supplemental rebate contracts.

4. Will not audit pharmacies

Under the Contract, MMA is not responsible for conducting audits of Medi-Cal-enrolled pharmacies. DHCS or its agents, other than MMA, may perform pharmacy audits.

5. Will not provide MCP functions

The Medi-Cal Rx program was designed to transition pharmacy benefit administration to a single entity – MMA – while leaving responsibilities for other functions to the MCPs. Those functions include, among others, care coordination, medication adherence, and disease management.

F. Centene's MCP Contracts

DHCS currently holds managed care contracts with two (2) MCPs in Centene's Markets and Products business unit: Health Net Community Services, Inc. ("Health Net") and California Health and Wellness Plan ("California Health and Wellness").

G. MCP Data Sharing with MMA

In order to ensure beneficiaries continue to receive the services and benefits they are entitled to under the Medi-Cal program, the Medi-Cal Rx program requires cooperation between the MCPs and MMA. In 2020, DHCS directed that the MCPs share historical claims and prior authorization data with MMA under the terms of a Data Sharing Agreement ("DSA") signed between MMA and each MCP. The historical data is necessary for the transition of contractual services to MMA, including, among other things, the determination of whether certain beneficiaries are eligible for a transition supply of medication and whether prior authorization criteria are satisfied. After Medi-Cal Rx goes live, the DSAs contemplate that MMA will provide claims and prior authorization information to each MCP on a daily basis, and that MMA will provide to each MCP secure read-only access to only that MCP's beneficiary information via the Medi-Cal Rx Pharmacy Services Portal.

The DSAs require that MMA and the MCPs comply with all applicable laws relating to protected health information, including, but not limited to, HIPAA; establish and maintain procedures and controls for ensuring that any information exchanged is used or disclosed only in accordance with each party's obligations under their contracts with DHCS; and that MMA and the MCPs access such information only to the extent necessary to carry out their obligations to DHCS and for no other purpose.

H. Centene Specialty Pharmacies and Touchpoints with MMA

As discussed earlier, Centene owns and operates specialty pharmacies that participate in Medi-Cal. At the time of the Transaction, Centene owned and operated six (6) such pharmacies. On July 14, 2022, Centene completed its divestiture of two (2) of its PantheRx pharmacies, thus reducing the number of Centene pharmacies that participate Medi-Cal to four (4). They are:

AcariaHealth Pharmacy #13, Inc.
3302 Garfield Avenue
Commerce, CA 90040
Medi-Cal # 1992786495

Foundation Care LLC
4010 Wedgeway Court
Earth City, MO 63045
Medi-Cal # 1205831963

AcariaHealth Pharmacy #14, Inc.
4151 E. Commerce Way
Sacramento, CA 95834
Medi-Cal # 1699096842

AcariaHealth Pharmacy #26, Inc.
8715 Henderson Road
Tampa, FL 33634
Medi-Cal #1073733408

These pharmacies are among the approximately 6,500 pharmacies that participate in Medi-Cal. DHCS, not MMA, enrolls pharmacies into the Medi-Cal program. Under the Medi-Cal Rx Contract, however, MMA will interact with all DHCS enrolled pharmacies in various respects, including:

1. Claims processing

All Medi-Cal enrolled pharmacies will submit claims to MMA for processing through MMA's automated point of sale claims adjudication system.

2. Provider payments

MMA will invoice DHCS for all adjudicated claims, receive payment from DHCS for those claims, and pay enrolled pharmacies for all of the claims through either electronic payment or by check.

3. Pharmacy support, education, and outreach

MMA will provide education and outreach and "help desk" type support to Medi-Cal enrolled pharmacy providers relating to how to submit a claim or prior authorization, and how to utilize the secure web portal.

4. Prior authorizations

Under the Medi-Cal Rx Contract, MMA is responsible for performing prior authorizations. Medi-Cal enrolled pharmacies may submit prior authorization requests on behalf of beneficiaries to MMA.

5. Fraud, waste, and abuse support

Under the Medi-Cal Rx Contract, MMA is responsible to provide fraud, waste, and abuse detection and prevention services. (Contract, Exhibit A, Attachment II, §6.4.) These services will cover potential fraud by beneficiaries, physicians, and pharmacies, but do not include audits of pharmacies.

IV. CONTRACT STANDARDS AND THE NATURE OF ORGANIZATIONAL AND PERSONAL CONFLICTS OF INTEREST

A. Medi-Cal Rx Contract Standards

DHCS made clear in the Contract that it “...intends to avoid any real or apparent conflict of interest on the part of the Contractor, Contractor’s parent entities, subcontractors, or employees, officers and Directors of the Contractor or Subcontractors.” (Exhibit E-A1, §10.B.) In order to effectuate this intent, the Medi-Cal Rx Contract requires:

1. Independence. The Contractor and its Subcontractors are independent of any Medi-Cal managed care plans, other health care provider or pharmaceutical company that contracts with the Medi-Cal program in the State... The Contractor or its Subcontractor is not considered independent if it, among other things,:

...

c. Owns or controls a Medi-Cal managed care plan, or other health care provider in the State.

(Exhibit E-A1, §10.C.)

Under the Contract, “Contractor” includes MMA’s “parent entities or corporations”. (Exhibit E-A1, §10.A.)

Accordingly, because Centene Corporation will be the ultimate parent of MMA and Centene also owns or controls two (2) California MCPs as well as pharmacies that are enrolled in the Medi-Cal program, MMA will no longer be “independent” of these entities as defined by the Contract.

The Contract also expresses the implications of a lack of independence:

While it is desirable that the Contractor and its Subcontractors be independent..., such relationships are permissible so long as prompt full disclosure is made and adequate protective Avoidance Plans and procedures

are developed, and reviewed and accepted by DHCS. (Exhibit E-A1, §10.C.)

The Contract also makes clear that the same rules apply to MMA’s subcontractors.

B. Organizational Conflicts of Interest Versus Personal Conflicts of Interest

1. OCIs

Organizational conflicts of interest (“OCI”) can occur when an organization may have unequal access to information or a conflicting role in providing goods or services, both of which may result in an unfair competitive advantage.

While not solely applicable to government contracts, OCIs are of particular concern in public contracting due to the government’s heightened responsibility to ensure fairness and objectivity in the procurement process and the proper use of public funds. To this end, the federal and multiple state governments maintain numerous requirements to ensure that real or apparent OCIs are identified and addressed appropriately, as detailed below. State of California authority does not generally address OCIs, rather, requirements may be imposed via contractual obligations.

2. COIs

In contrast to OCIs, a conflict of interest (“COI”) refers to the real or apparent COIs of individuals in their official and public capacities. Under the California Political Reform Act of 1974 (“Political Reform Act”), a public official (as defined in the Political Reform Act) has a disqualifying COI in a governmental decision if it is reasonably foreseeable that the decision will have a material financial impact on their personal finances or other financial interests. In the event a MMA Designated Employee (as defined in the Political Reform Act) has an individual COI, that employee must recuse himself or herself from making or participating in the decision that implicates the individual conflict. The definition of “Designated Employee” and the DHCS Conflict of Interest Code incorporate the term “Consultant”, as referenced in the Political Reform Act and defined by regulation. Accordingly, the Political Reform Act applies to those MMA employees supporting the Medi-Cal Rx Contract identified by DHCS (consistent with the Political Reform Act, and supporting regulations) as “Consultants” and therefore are “Designated Employees”.

Additionally, under its Contract with DHCS, MMA Designated Employees are required to comply with all applicable Political Reform Act requirements, including, but not limited to, compliance with the Political Reform Act, the periodic filing of the FPPC Form 700s with DHCS, and completion of required ethics training.

C. Categories of and Addressing Organizational Conflicts of Interest

1. Categories of OCIs

The federal government’s general authority regarding OCIs is found in the Federal Acquisition Regulations (“FAR”), specifically 48 CFR Subpart 9.5 “Organizational and

Consultant Conflicts of Interest” (“Subpart 9.5”). While not applicable to the Contract, Subpart 9.5 does provide standards and guidance that may be relevant to the instant CAP.

The FAR defines three (3) broad categories of OCIs:

- Unequal access to information

Provides unfair competitive advantage through obtaining information not generally available to other competitors and that may assist in winning a contract over competitors. (48 CFR §9.505-4.)

- Impaired objectivity

Occurs when a contractor performs duties in assessing either their own or a competitor’s performance or products. (48 CFR §§9.505-1 and 9.505-2.)

- Biased ground rules

Is implicated when a contractor’s duties under one contract include setting the ground rules for another government contract. (48 CFR §9.505-3.)

OCI category “Unequal Access to Information” is implicated with respect to the Contract as MMA, in order to meet the obligations of the Contract, must have access to certain Confidential Information of MCPs (and potentially specialty pharmacies) that participate in the Medi-Cal program. Access to this Confidential Information could, if not appropriately addressed, potentially provide an unfair competitive advantage if shared with other Centene-owned entities.

2. Addressing Organizational Conflicts of Interest

There are three (3) general ways to address OCIs:

- Avoid

Prevent the occurrence of a real or apparent OCI through actions such as excluding contractors or eliminating a portion of scope to eliminate the potential for an OCI;

- Neutralize

Negate real or apparent OCIs related to (1) contractor objectivity during contract performance or (2) an unfair competitive advantage through contractor recusal, excluding/severely limiting contractor participation in source selection activities, and/or otherwise barring access to the sensitive or confidential data of competitors; and/or

- Mitigate

Via a mitigation plan, reduce or alleviate the impact of OCIs to an acceptable level of risk so that the interests of fair competition and/or contract performance are not prejudiced.

In some instances, when none of the three (3) factors above are feasible and it is in the government's best interest, it may be necessary to accept the OCI.

The "Mitigate" option is the most appropriate, effective, and feasible approach to address the real or apparent OCIs presented by the Transaction and is the primary focus of this CAP. In various respects, however, the CAP also neutralizes the apparent OCI by barring access to sensitive and confidential data through the various safeguards described herein.

V. CONFLICT AVOIDANCE PLAN FRAMEWORK

A. CAP Standards

1. OCIs

As noted above, while the FAR authority is not applicable to the Contract, it serves as a model by which to identify and mitigate OCIs.

FAR OCI CAPs generally include the following elements, each of which is also addressed in this CAP:

- Clear definitions
- Statement of organizational commitment to develop and follow the CAP
- Description of the OCI type(s), e.g., unequal access to information, impaired objectivity, and/or biased ground rules implicated by a contract
- Description of the factors that may or do place a contractor in a real or apparent OCI situation
- If applicable, identification of subcontractors with real or apparent OCIs
- Detailed plans for avoiding, neutralizing, and/or mitigating OCIs, or, if these plans are not feasible, an explanation and justification for accepting OCIs
- While each CAP must be tailored to the facts, CAPs typically include a combination of administrative, technical, physical, and management controls
- Third-party periodic monitoring and organizational attestation of compliance with the CAP
- Periodic review and amendment of the CAP to address material changes impacting the OCI

2. COIs

As noted above, the Political Reform Act does apply to those MMA employees supporting the Medi-Cal Rx Contract that are "Designated Employees". In the event a MMA Designated Employee has an individual COI, that employee must recuse himself or herself from making or participating in the decision that implicates the individual conflict. Additionally, MMA Designated Employees are required to comply with all applicable Political Reform Act requirements, including, but not limited to, compliance with the Political Reform Act, the periodic filing of the FPPC Form 700s with DHCS, and completion of required ethics training. Political Reform Act requirements are addressed within this CAP.

B. MMA CAP Creation Process

In order to determine whether real or apparent OCIs and/or COIs exist due to the Transaction and how best to address those OCIs and COIs, the Mazars USA LLP and MMA teams (“CAP Team”) undertook the following evaluations:

1. Analysis of dozens of relevant MMA documents, systems, and information against applicable risk, information security, and other controls, including:

- The Medi-Cal Rx Contract RFP
- The Medi-Cal Rx Contract
- Data Sharing Agreement template between MMA and MCPs
- Prior MMA CAP and related documentation
- Bylaws
- Organization charts
- Personnel charts and Board of Directors lists
- Job descriptions
- Compliance and ethics programs and training
- Code of Conduct
- Personnel COI surveys
- Personnel non-disclosure agreements
- Employee offer letter template and exit survey
- Most recent SOC 2 report, HITRUST certification, and other applicable information security, confidentiality, and privacy documentation
- Risk assessment and control frameworks, matrices, risk register heat maps, and other documentation
- In-scope information technology systems and applications and data
- Process maps and data flow diagrams
- DHCS-approved System Security Plan
- MMA Contract subcontractors
- Applicable policies and procedures in the areas of:
 - Compliance and ethics, including COIs and OCIs
 - Information technology and information security
 - Human Resources

2. Review of applicable Centene documents and information, including:

- Applicable policies and procedures in the areas of:
 - Compliance and ethics, including COIs and OCIs
 - Information technology and information security
 - Human Resources
 - a) Job descriptions
 - b) Compliance and ethics programs and training
 - c) Code of Conduct
 - d) Tentative Post-Transaction implementation plan

3. The conducting of interviews with internal and external stakeholders, including:
 - Internal MMA staff
 - Internal DHCS staff
 - External Medi-Cal Managed Care Plan staff
 - External Managed Care Association staff
4. Participation in multiple CAP Team working sessions to develop a robust CAP to identify, prevent, mitigate, and/or neutralize OCIs and COIs.

VI. CONFLICTS TO BE ADDRESSED

A. OCI: Unequal Access to Medi-Cal Rx Data and Information

Through the MMA solutions utilized in connection with Medi-Cal Rx Contract performance, certain MMA staff have access to, and will generate, data and information regarding the Medi-Cal Rx program. Specifically, these solutions include systems, processes, and information that may be accessed Post-Transaction.

MMA recognizes that an unequal access to data or information OCI can potentially arise where Centene has access to Medi-Cal Rx data and information that may provide Centene (or its affiliates) with an unfair, anticompetitive advantage.

B. OCI: Unequal Access to Pharmacy Acquisition Cost Data

In connection with MMA's Medi-Cal Rx Contract performance, MMA's subcontractor, Mercer, will develop, establish, and maintain a Maximum Allowable Ingredient Cost ("MAIC") program for multisource generic drug reimbursement. The objective of the MAIC program is to establish upper limit, multisource generic ingredient reimbursement rates that encourage efficient purchasing while being responsive to drug pricing fluctuations. For the development of the MAIC program rates, Mercer will survey a statistically valid sample of Medi-Cal enrolled pharmacies on their drug acquisition cost invoice data. The information obtained from the survey will be used to establish MAIC reimbursement rates for multisource generic drugs.

In the event MMA were able to access Mercer's survey data, and if MMA then shared such data with Centene health plans, this improper use would amount to unequal access to information, and the Centene-owned entities could potentially benefit from an unfair competitive advantage.

C. OCI: Unequal Access to Centene Pharmacy Patient Data

MMA acknowledges that there are likely to be instances where some, or all, of the Centene-owned specialty pharmacies will be filling prescriptions for beneficiaries who are not members of either Health Net or California Health and Wellness. Potential access by Centene employees to this patient data could provide Centene with an unfair competitive advantage.

D. COI: Individual Conflicts of Interest and Prohibitions Under the Political Reform Act

The Political Reform Act applies to those Magellan employees supporting the Medi-Cal Rx Contract who are “Designated Employees” because, by virtue of their job duties, it is reasonably foreseeable that decisions they make on behalf of DHCS may have a material financial impact on their personal finances or other financial interests.

E. MMA Contract Subcontractors

As described above, the Contract makes clear that, where applicable, its requirements also apply to MMA’s subcontractors. Based on a general review of the duties of subcontractors to be utilized by MMA under the Contract, apart from a potential access issue presented by the use of Mercer, which is fully avoided as a result of the nature of Mercer’s work (see below, Sections VI.B and VII.I), there are no additional concerns regarding the independence or COIs of these subcontractors.

VII. CONFLICT AVOIDANCE MEASURES

A. Scope

This CAP will apply to MMA in order to effectively address issues of potential unequal access to Confidential Information and potential issues in MMA’s dealings with entities that will be within the Centene family of companies after the Transaction closes, including Centene-owned managed care plans and specialty pharmacies.

This CAP will be implemented upon acceptance by DHCS and, where applicable, will continue through the end of the Contract. At that point, a final attestation, combined with the applicable survival provisions of the Contract, will continue to protect Confidential Information.

B. Organizational Experience and Commitment to the CAP

The implementation of protocols designed to address OCIs, COIs, and safeguard confidential information is not new to Magellan and Centene. Magellan has provided pharmacy benefit administration and management services to various state Medicaid programs for more than thirty-five (35) years. Similarly, Centene operates Medicaid managed care plans in thirty-one (31) states. In the ordinary course, both organizations safeguard Confidential Information not only from external exposure but also internally within the company from persons who do not have a legitimate need to access specific customer and other confidential information.

The Medi-Cal Rx Contract expressly contemplated that, in some instances, contracting organizations may take actions or experience changes that present potential OCIs or COIs. Both Magellan and Centene recognized that the Transaction presented such an issue and advised DHCS on the day the Transaction was publicly announced of its intention to follow the Contract’s requirements to prepare and implement this CAP. In doing so, both Centene and Magellan previously expressed their commitment to address all real or apparent OCIs and COIs, and reaffirm their commitment through the submission of this CAP.

C. Third-Party Monitor Oversight

As described in greater detail below, DHCS will appoint a Third-Party Monitor to assist in overseeing MMA's compliance with the CAP. The Third-Party Monitor's responsibilities include required monitoring, reporting, consulting, and, where necessary, investigation of compliance concerns. The Third-Party Monitor shall consult with DMHC's Independent Monitor where the scope of their responsibilities overlap.

D. Corporate Structure

The following section identifies the current corporate structure of Magellan and MMA and the expected post-Transaction structure of Magellan (with a focus on MMA) within Centene.

1. Magellan Current Corporate Structure

Currently, Magellan Health operates two (2) business segments, Magellan Healthcare and Magellan Rx Management. The latter is Magellan's pharmacy segment and is headed by its Chief Executive Officer, Mostafa Kamal. MMA is functionally a part of the Magellan Rx Management segment.

Although MMA is part of larger organizations, it is essentially run on a standalone basis. MMA's business focuses on the provision of pharmacy benefit administration services to Medicaid programs in twenty-six (26) states and the District of Columbia. In the performance of these services, MMA limits access to data and information of specific State customers (including through technological safeguards and access controls described in Section VII.E below) to those employees who have a need to know such information to perform services for the State Medicaid program. Conversely, any employee without a need to know – including other employees within MMA, Magellan Rx Management, or Magellan Health – do not have access to such information. State customers also have access to their own data and information but not that of any other MMA State customer.

2. Corporate Structure Following the Close of the Transaction

As mentioned earlier, Centene operates two (2) separate and distinct business units: "Markets and Products", which is its health plan line of business, and "Health Care Enterprises" ("HCE"), which provides a range of services to internal and external customers.

Following the completion of the Transaction, Magellan Health Inc. (and MMA) will become a wholly-owned subsidiary of Centene. All of the Magellan entities (including MMA) will operate and be managed within Centene's HCE portfolio of companies. The close of the transaction will not change the fact that, as a continuation of the current practice identified above, only those employees with a need to access Medi-Cal Rx data and information will be permitted to do so following the close of the Transaction.

From an organizational structure perspective MMA, and the remainder of the Magellan entities, will be housed exclusively within HCE and MMA will not be integrated into the rest of Centene's California business. Consistent with Centene's commitment to DHCS, MMA also will be kept operationally separate from Centene's health plan business line (the "Markets and

Products” business unit), which encompasses the thirty-one (31) jurisdictions in which Centene has MCP subsidiaries.

Similarly, there will be no integration or sharing of MMA’s employees, processes, information technology systems, or data with Centene’s health plan business line. In furtherance of these protocols, Centene, Magellan, and MMA will agree to annual or ad hoc, as necessary, examination or audit of this separation by DHCS and/or the Third-Party Monitor.

As mentioned earlier, Centene also owns four (4) specialty pharmacies that participate in Medi-Cal. The specialty pharmacies are, and are intended to remain following the close of the Transaction, within the HCE line of business, with intra-HCE access restrictions and controls maintained to ensure complete technological separation between the specialty pharmacies and MMA. These specific technological safeguards are explained below in Section VII.E.

Following the close of the Transaction, Centene Corporation’s corporate functions and executive leadership will receive only summary level financial, administrative, and operational reporting information from MMA, and nothing more granular that would potentially impact performance on the Medi-Cal Rx Contract or conflict with MMA’s (and Centene’s) obligations under this CAP. MMA, Magellan, and Centene also agree to raise immediately any new issue that could present a potential OCI or COI to the Third Party Monitor and, as applicable, DHCS.

For purposes of enterprise-wide reporting obligations and consolidated record keeping practices, which does not in any way implicate or involve Confidential Information and/or Medi-Cal Rx Contract data or information, Centene would utilize certain Corporate Shared Service Functions, as defined below and in the DMHC’s Undertakings Section 31(b)(i) across the entirety of the corporation. “Corporate Shared Service Functions” shall include finance and accounting/procurement, risk and compliance, legal, human resources, facilities and physical security, information security, and government relations to the extent that said functions do not involve any sharing of commercially sensitive information and data, or confidential client/customer information and data, of MMA. However, if the provision of a Corporate Shared Service Function to MMA could expose confidential or commercially sensitive information or data, including customer or client information or data, to employees of Centene Markets & Products or any Centene line of business, the Magellan entities and lines of business shall have dedicated representatives from each of these shared services (i.e., individuals that exclusively handle the Magellan entities and lines of business-related information). To the extent that HCE is solely composed of Magellan entities and lines of business, any obligations in this CAP or Section 31(b)(i) of the DMHC Undertakings may be carried out through HCE as a whole.

Consistent with the DMHC Undertakings Section 33, Centene and Magellan may not engage in any material corporate reorganization, financing, assignment, or restructuring (including any such material change to Corporate Shared Service Functions) that would violate the terms of DMHC’s Undertakings without the prior written approval of DMHC, or would violate the terms of this CAP without the prior written approval of DHCS.

E. Technological Safeguards

This CAP will ensure that its goals are achieved through a combination of measures. The technological safeguards described in this Section VII.E are designed to ensure that Confidential Information is accessed only by those who legitimately have a need to do so. Those measures, together with related measures designed to ensure the safeguards are working to prevent unauthorized access, serve to avoid or mitigate the OCI of potential unequal access to Medi-Cal Rx data and information, including information held by Centene-owned pharmacies (see Sections VI.A and VI.C above).

Most of the technological safeguards described herein existed prior to and wholly apart from the announcement of the Transaction. That is, even prior to the Transaction's announcement, MMA recognized and appropriately addressed its responsibility to safeguard confidential information from any type of unauthorized access. To the end, as part of the implementation of the Medi-Cal Rx Contract, DHCS and MMA have worked since December 2019 to ensure that MMA's information security systems satisfied DHCS's rigorous standards.

These safeguards are the foundation of this CAP. The first and best way to ensure that Centene companies, such as Centene's California MCPs, do not have unauthorized access to Medi-Cal Rx data is to ensure that *no one* has unauthorized access.

1. MMA's Systems

MMA's operational processes and information systems used to support the Medi-Cal Rx Contract are designed from the ground up so that Confidential Information is protected, and is not provided either intentionally or inadvertently to unauthorized parties to the greatest extent possible. MMA meets all applicable State and federal privacy and security regulatory requirements for protecting data confidentiality, including those defined by the HIPAA Security Rule and HITECH Act.² In part to attest to its data security and privacy standards, MMA performs and prepares an American Institute of Certified Public Accountants ("AICPA") "SOC 2" report for certain of its customers, including DHCS. An independent AICPA auditor reports on management's description of MMA's system and the suitability of the design and operating effectiveness of controls.

Beyond compliance with the regulatory requirements and security standards described above, MMA has taken a multi-layered approach to the security of its systems based on the International System Security Certification Consortium—the international standard for IT security—and NIST SP 800-53 Rev. 4 guidance. MMA's development methods provide perimeter protection, segregated operation, business, and administrative architectures, and extra protective measures associated with its web presence. The systems are MMA-proprietary; MMA owns the source code, allowing complete control over the change management process, to ensure that these systems are secure.

These proactive safeguards exist for the very purpose of preventing improper disclosure, inappropriate access, or misuse of Confidential Information, and therefore in the aggregate these

² MMA is also in full compliance with all security aspects of the Sarbanes-Oxley Act of 2002, and its policies are aligned with National Institute of Standards and Technology ("NIST") SP 800-53 Rev. 4 series guidelines, and compliant with Federal Information Security Management Act ("FISMA") Moderate requirements.

measures inherently protect against any potential unequal access to information conflict occurring in connection with Centene-owned MCPs. These safeguards include, among other things:

- Application and User-Level Security:

Application-level security is controlled at the “front door” of each application. MMA’s login process is operated from a secure site (https) and employs detailed rules to prevent hacking or other unauthorized access.

- *Role-Based Security*: All of MMA’s security permissions are role-based, granting user’s access to only the information they need to know to do their jobs.
- *Access Control*: User access to system resources is controlled based on the user’s security setup. MMA utilizes an access request and approvals tracking system to ensure that the user will not have access to resources they or it does not need. Accounts that are no longer necessary are removed within ninety (90) days. When an employee departs from MMA, account access is removed within twenty-four (24) hours.
- *Security Audit Trails*: User access audit trails and logs are created and maintained at all levels. Audit trails and logs are aggregated for analysis, and are used for individual user accountability, reconstruction of events, intrusion detection, and problem identification purposes.

- Host-Based Intrusion Detection/Firewalls:

MMA employs fully supported equipment for the protection of the critical internal infrastructure. All firewalls are managed under MMA’s direction and supervision. All perimeter protection equipment is installed, patched, and maintained in accordance with manufacturer standards and industry best security practices to ensure the best possible protection. A traditional DMZ (de-militarized zone) structure is in place to support MMA’s e-commerce needs and is monitored and managed via a state-of-the-art intrusion detection and prevention system (IDS/IPS).

- *Firewall Setup*: Network access outside of the MMA network, including business partner connectivity, must pass through an MMA sponsored firewall. Firewalls are operated and managed by MMA, or MMA-approved service providers under MMA’s direction and supervision.
- *Network Isolation*: Network segments containing Internet-accessible services are isolated from internal network segments. Systems in the DMZ do not talk to each other—each host is isolated. Network segments are protected by a firewall configured to secure all devices behind it.

- *Logical Security Controls:* To monitor internal systems activity, MMA employs a systems activity audit. MMA investigates deviations from the policy and mitigates associated risks. All production application systems that house sensitive information log every addition, modification, and deletion to such sensitive information; and log all significant security relevant events.
- Data Encryption:

MMA understands that Confidential Information must be protected at rest and in transit.

- *Data at Rest Security:* The architecture within MMA’s Data Center makes certain that all sensitive data are encrypted as they are written to disk, using state-of-the-art storage solutions.
- *Data Transmission Security:* Magellan policy on transmission of Confidential Information requires encryption methods that consist of the industry-standard secure file transfer protocol.
- Risk Analysis and Vulnerability Assessment:

MMA routinely conducts security assessments and vulnerability testing.

- *Risk Analysis:* MMA performs a Security Risk Assessment as part of its overall Project Management Process. Three (3) basic risk management components are integrated throughout the design of secure systems: (1) identification and authentication of the user; (2) access control; and (3) an audit mechanism. These system-based components are augmented by monitoring activities to detect, analyze, and resolve unusual or suspicious activities or events.
- *Vulnerability Assessment:* MMA performs continuous internal auditing and scanning of its systems and business processes to ensure the confidentiality of beneficiaries’ and customers’ information. MMA also engages third-party, independent agencies to verify security infrastructure. Third-party security auditors perform external penetration testing and compliance testing on a quarterly basis.

These same technological safeguards will remain in place following the close of the Transaction (and additional administrative firewalls will separate HCE portfolio leadership and Markets and Products business unit leadership, as described in Section VII.D). Access to the Medi-Cal Rx systems will therefore remain limited to the same entities and users, for the same limited Medi-Cal Rx contractual support purposes, under the same access controls already authorized by DHCS. All firewalls and encryption will continue to be administered according to the System Security Plan (described below). No new outbound or inbound data transfers of Confidential Information or system connections are requested, and no unauthorized system access by Centene,

Centene-affiliated MCPs, Centene-owned specialty pharmacies, or any other unauthorized entity will be permitted.

The mechanisms to safeguard Confidential Information described in this CAP will also ensure that beneficiary data within Centene's specialty pharmacies is not subject to unauthorized access. That is, those mechanisms help to avoid or mitigate the "unequal access" OCI discussed in Section VI.C above. Currently, Centene's managed care plans (including Health Net and California Health and Wellness) do not have access to data within Centene's specialty pharmacies. After the Transaction closes, that will continue and access to Medi-Cal Rx data for Centene's managed care plans will occur through MMA. This CAP describes in detail how MMA will ensure the treatment of confidential information and thus also provides the mechanism to ensure that Centene managed care plans will continue to have access to only their own plan beneficiary data.

2. MMA's System Security Plan

As discussed above, MMA worked with DHCS beginning in December 2019 to ensure that MMA had appropriate measures in place to ensure the security of beneficiary, MCP, and other Confidential Information. The result was the MMA System Security Plan, submitted by MMA on October 30, 2020, and approved by DHCS on December 28, 2020 (the "SSP"), which details MMA's safeguards for the protection of Confidential Information that is obtained under the Medi-Cal Rx Contract. The approved safeguards, which focus largely on those measures described above in Section E, are specifically designed to protect against any type of improper access or misuse of Confidential Information, including access or use that could create a real or apparent conflict.

Post-transaction, Confidential Information provided to MMA by MCPs will, therefore, be protected from access by other MCPs, including Centene-affiliated MCPs, exactly as already approved by DHCS in the SSP, and consistent with the executed Medi-Cal Rx DSA in place between MMA and each MCP. The Transaction will have no impact on the multiple layers of security and confidentiality safeguards that already protect Medi-Cal Rx Confidential Information from improper access or misuse, and that inherently avoid any potential unequal access conflict from occurring.

Enhancements that would require changes to the MMA systems and/or operations in the SSP will be further evaluated in accordance with the SSP's Change Control & Risk Analysis - System Change Control Procedures. This procedure uses a Change Advisory Board of cross-functional staff who evaluate change requests to mitigate risks by having a wide range of technical and business representatives review and assess the impacts of changes to their respective systems and operational processes. Under the approved SSP procedures, MMA will communicate proposed changes via formal DHCS letter, and develop a schedule for DHCS approval within agreed upon timeframes. The change control procedures will ensure that all changes are implemented according to DHCS directives, and maintain operational and information systems policies to avoid potential conflicts according to this CAP.

MMA shall use the most current technological safeguards and standards to prevent unauthorized access to its informational technology systems and data, subject to the provisions of and standards embodied in the Medi-Cal Rx Contract and SSP.

3. Monitoring Mechanisms

In addition to other actions described in the CAP, MMA has in place or will take the following steps designed to prevent and detect potential unauthorized access to Confidential Information and data:

- MMA's user provisioning process relies upon the principle of "least privileged" in which approved users are granted the minimum access required to perform a job function within the applicable system(s).
- MMA will institute an additional layer of user provisioning by requiring the MMA Government Liaison (as described in Section G.1 below) to approve access for any person(s) seeking access to systems with Medi-Cal Rx data.
- The list of users generated from the MMA user provisioning processes is the "Allow List". On a weekly basis, MMA will provide the current Allow List for each of the MMA systems to the Third-Party Monitor.
- MMA will maintain records in the form of user access logs of all users of the MMA systems described above. On a weekly basis, MMA will provide user access logs for each of the MMA systems.
- On a weekly basis, the Third-Party Monitor will compare the applicable Allow List to the user logs to determine if any user of an MMA system did not appear on the applicable Allow List.
- In the event there are any discrepancies, the Third-Party Monitor will investigate to determine the cause of the discrepancy and whether any inappropriate access has occurred.
- The activity and password grants for any privileged accounts, database administrators, and system administrators are logged and will be shared weekly and compared to the Allow List by the Third-Party Monitor.

As discussed above, many changes to MMA systems and/or operations supporting the Medi-Cal Rx Contract are required to be reviewed and approved pursuant to SSP Change Control Procedures. However, MMA is undertaking a separate commitment that any material changes to in-scope applications and data systems will be timely reported to DHCS and/or the DHCS-appointed Third-Party Monitor for review. In this manner, DHCS will review any proposed changes either through the SSP Change Control Procedures or the undertakings in this CAP. MMA's compliance with the timely reporting of such proposed changes is confirmed in its annual attestation of compliance with this CAP.

Centene and MMA will comply with the provisions of the DMHC Undertakings Section 31(c) to the extent such requirements are applicable and set forth in this CAP.

F. Physical Security

In addition to the technological safeguards discussed above, MMA will employ various non-technological measures designed to prevent unauthorized access of Confidential Information.

Physical separation safeguards help ensure that access controls applying to physical facilities – for example data rooms, workstations, or media – are enforced.

MMA operates two (2) California-based facilities in San Diego and Rancho Cordova, which will be the primary facilities supporting the Medi-Cal Rx Contract. Physical separation safeguards are in place in these facilities. The Rancho Cordova location is comprised of only Contract employees and no other Magellan or Centene employees have or will have badge access to any area that is restricted pursuant to the Contract. The San Diego facility has one (1) floor of employees dedicated to the Contract and only those employees have badge access to any area restricted pursuant to the Contract.

MMA’s physical separation safeguards for other facilities used to support the Medi-Cal Rx Contract include, but are not limited to:

- Restriction of physical access, including badge access monitoring and visitor escort procedures
- Digital surveillance systems monitor the entry and exit points of the data centers

G. Compliance Program

1. MMA Government Liaison

MMA employs a Director of Compliance, known as the Government Liaison, who is dedicated to support compliance with the Contract. The Government Liaison’s job responsibilities include, but are not limited to, serving as the MMA subject matter expert regarding OCIs and COIs. Such duties currently include carrying out the existing Form 700³ Contractual COI protocols with DHCS and, as part of this CAP, will be expanded to include serving as the main contact for OCIs.

Additionally, the Government Liaison’s duties include ensuring the completion by eligible employees of required compliance trainings, including MMA’s Code of Conduct training, which currently includes content regarding OCIs and COIs, maintaining and providing proof of employee completion of such training, and, as applicable, attestation regarding such training as required under this CAP.

³ In addition, each MMA employee identified as a “Consultant” for purposes of the Political Reform Act will be required to complete FPPC ethics training pursuant to the Political Reform Act. The Government Liaison will be responsible for tracking such training and providing timely certificates of completion to DHCS.

The Government Liaison will also function as the single point of contact relating to implementation of MMA's ongoing commitments outlined in the CAP Compliance Requirements in Section IX. These include, among other commitments, updating of training modules as needed and oversight of compliance related employee awareness campaigns. In addition, the Government Liaison will have approval authority for the addition of employees to the Allow List contemplated for use in application and data monitoring.

2. Centene Compliance Program generally

Centene maintains an Ethics and Compliance Program to guide employees when conducting the business affairs of the organization. The Compliance Program is managed by the Corporate Compliance Department, under the direction of the Senior Vice President of Internal Audit, Compliance and Risk Management. The Internal Audit, Risk Management and Corporate Compliance Department staff includes twelve (12) vice presidents, twenty-five (25) senior directors and directors and over sixty (60) senior managers and managers. Departmental staff are responsible for identifying and responding to risks, evaluating the effectiveness of Centene's Compliance Program, and ensuring appropriate reporting and corrective action occurs upon the identification of noncompliance. Centene employees complete a series of mandatory compliance training programs throughout the calendar year. These trainings are reviewed and updated by members of the Compliance Department and tracked to completion through the Learning Management System.

The MMA Government Liaison will work with the appropriate members of Centene's Corporate Compliance Department to ensure that MMA and Centene deliver on all applicable commitments in the CAP.

As with effective compliance programs, an effective CAP relies on comprehensive, up-to-date, user-friendly, well-known, and easily accessible policies and other documentation, which clearly state an organization's rules and expected behaviors.

3. Employee training and awareness

Both Magellan and Centene currently have training requirements that educate employees on, among many other things, the necessity of maintaining the confidentiality of customer data and identifying both OCIs and COIs. The Transaction also presents an opportunity for Magellan and Centene to expand and enhance their respective training protocols.

(a) Magellan

Currently, all MMA employees, upon hire and annually, must take three (3) separate one (1)-hour web-based training courses: Magellan Code of Conduct training, HIPAA Privacy and Security training, and Fraud Identification and Recognition Education training. All employees, officers, and directors of Magellan are expected to perform their business responsibilities in compliance with Magellan's Code of Conduct, applicable laws and regulations, and company policies. Magellan's Code of Conduct training familiarizes MMA employees with the ethical standards that guide MMA's business and client relationships and helps to maintain the highest possible standards of ethical behavior. The training regimen serves as a continuous reminder of MMA's commitment to ethical conduct, which includes training on the importance of maintaining

inviolate the confidentiality of Confidential Information employees have access to, learn of, or create in their role.

With respect to specific training modules, MMA employees are trained on the following exemplar policies and procedures:

- Access control policy;
- Appropriate safeguards to protect PHI;
- HIPAA privacy compliance program;
- Internet Web server security;
- Password policy;
- Physical protection of confidential data;
- Privacy and security workforce training;
- Reporting violations; and
- Firewall policy.

The Code of Conduct also provides that Magellan employees must avoid real or apparent COIs with Magellan in their professional and personal relationships. As reinforced through annual training, it is the responsibility of every employee across the enterprise to recognize COIs, including real or apparent OCIs, and report them to the Compliance Department so that the company can take appropriate action to avoid, neutralize, or mitigate any such situation. OCI and COI-specific content is also being added to the training in order to specifically address the Transaction and its impact on the Contract.

At the completion of the training, Magellan employees are required to attest that they have read and understood the Code of Conduct and agree to abide by the Code of Conduct, applicable laws and regulations, and company policies and contractual requirements (e.g., this CAP). Further, employees must attest to their understanding of how to recognize OCIs and COIs, and the requirement to promptly report all real and apparent OCIs and COIs. Employees who fail to take any required training within the allotted timeframe are put on administrative leave and, if the courses are then not completed within five (5) business days, will be terminated. Employees engaged in conduct that violates Code of Conduct principles may be subject to serious penalties up to and including termination of employment.

Magellan will review this training on an annual and ad hoc as needed basis to ensure it is fresh, applicable, takes into consideration the needs of the adult learner, and when material changes necessitate a change in content.

Magellan must also maintain and follow its anti-retaliation policies and procedures. Retaliation or threats of retaliation based on any customers and clients of Magellan, competitors of Magellan, and/or employees of Magellan, having provided information in conjunction with these conditions to any party, the DHCS, the DMHC, the Third-Party Monitor, or the Attorney General, is prohibited.

MMA will also implement an annual employee awareness campaign regarding the detection, prevention, reporting, and mitigation of OCIs and COIs. Awareness campaigns are up

to the discretion of MMA and can include, for example, annual Compliance Week activities or communications via email, Intranet, office postings, newsletters, and other media.

In addition, after the close of the Transaction, every Magellan employee will be required to participate in the Centene training modules identified below, and will be further required to complete and submit Centene's COI questionnaire. In addition, the MMA employees that support the Medi-Cal Rx Contract also will be required to participate in training sessions that broadly describe the scope and depth of MCP service offerings to DHCS. This additional training module will further aid MMA employees in identifying any potential conflicts.

Specifically, in connection with this CAP, MMA must annually attest that (1) all applicable employees timely completed Code of Conduct training and the training attestation, and (2) MMA provided an appropriate awareness campaign. MMA will also maintain records regarding training content, completion, and attestation, and the awareness campaign(s). Those records may be requested and/or monitored on a periodic basis as part of the CAP's implementation.

MMA must provide DHCS or its Third-Party Monitor, within one (1) business day, with copies of any and all annual reports it makes in compliance with DMHC Undertakings Sections 30(d) and 36(c).

(b) Centene

Centene's employees are all expected to act in accordance with the values contained in Centene's Code of Conduct. All employees throughout Centene's organization are required to complete annual training sessions on a variety of topics meant to reinforce the highest standards of ethical behavior. In addition, all employees must respond to an annual COI questionnaire aimed at identifying any changed circumstances that might lead to a real or apparent COI.

Each Centene employee also must complete, on an annual basis, Centene's Compliance and Code of Conduct/Business Ethics training. All Centene employees are charged with the responsibility of promptly reporting any actual or suspected violations of laws, regulations and contractual provisions, Centene's Code of Conduct and other Centene policies. Centene provides ample avenues for prompt reporting, including to the individual's immediate people leader, a higher-level people leader, the Compliance Office, or the Ethics and Compliance hotline. Upon completion of this training module, each participant is required to attest that they have read, understand, and will abide by Centene's Business Ethics and Code of Conduct.

Each Centene employee is also required to participate in annual COI training. Much like the annual questionnaire, Centene's annual COI training educates employees on enhancing the skills necessary to identify and report real or apparent COIs. In the event a real or apparent COI is identified, the individual must report the issue to Centene's COI mailbox.

In addition, on an annual basis, all Centene employees are required to prepare and submit a COI questionnaire. The questions are aimed at identifying various sources of potential conflicts, including: (i) familial; (ii) financial; and (iii) personal.

Centene must also maintain and follow its anti-retaliation policies and procedures. Retaliation or threats of retaliation based on any customers and clients of Centene, competitors of

Centene, and/or employees of Centene, having provided information in conjunction with these conditions to any party, the DHCS, the DMHC, the Third-Party Monitor, or the Attorney General, is prohibited.

Similar to MMA, Centene must also implement an annual employee awareness campaign regarding the detection, prevention, reporting, and mitigation of OCIs and COIs. Awareness campaigns are up to the discretion of Centene and can include, for example, annual Compliance Week activities or communications via email, Intranet, office postings, newsletters, and other media.

Centene must provide DHCS or its Third-Party Monitor, within one (1) business day, with copies of any and all annual reports it makes in compliance with DMHC Undertakings Sections 30(d) and 36(c).

Finally, all Centene employees are required to complete annual Administrative Firewalls training. These safeguards are employed to protect confidential information relating to the company's external customers. Administrative Firewalls serve to protect confidential information from being disclosed to individuals who do not have a "need-to-know". "Need-to-know" indicates that confidential information is required for the proper execution of an individual's job responsibilities. Centene's adherence to these guideposts ensures that individuals who have access to confidential information are prohibited from disclosing it to individuals who do not have a "need to know". Any violations of these firewalls must be reported immediately to the individual's (who knows or suspects disclosure) direct supervisor, Centene's Compliance Mailbox, and Corporate Compliance. Upon completion of the training module, each employee must attest that they have read, understand, and agree to abide by the contents of the Administrative Firewalls training, and that failing to abide by the contents of Centene's Administrative Firewalls policy may lead to disciplinary action.

4. Employee personal responsibility

In addition to the controls described above, a key aspect of the CAP includes safeguards regarding organizational, business unit, and individual reporting lines.

All applicable MMA personnel must attest via the existing Code of Conduct training process upon their initial employment, annually, and as otherwise indicated, to their understanding of their duties to maintain the confidentiality of Confidential Information internally and externally. The Code of Conduct requires that all personnel, no matter their organization or role, are strictly prohibited from discussing or sharing Confidential Information with anyone outside of their business unit and their organization unless specifically allowable on a need-to-know basis. The Code of Conduct itself addresses the disciplinary measures that may be taken in the event of noncompliance, up to and including termination of employment. The attestation reinforces these messages by memorializing the employee's commitment to these rules.

In addition to the Code of Conduct, Magellan maintains an Employee Handbook and Human Resources Policies document that also addresses the possible disciplinary measures that may be taken in the event of noncompliance, which can include employment termination and other

punitive action. In the Code of Conduct attestation, employees confirm their awareness of and commitment to follow such policies.

Applicable employment and labor laws preclude barring personnel from taking new jobs within and outside of the organization; however, Designated Employees under the Political Reform Act are subject to post-employment restrictions. The Political Reform Act places two (2) restrictions on post-governmental activity for Designated Employees, these include the “one-year ban” and the “permanent ban”. In addition, MMA policies effectively address those instances in which a specific employee must recuse themselves from decisions and projects in which they may have a COI or OCI. Additionally, those staff subject to Form 700 reporting must also complete a final Form 700 filing no later than thirty (30) days from leaving their current position.

5. Policies and Procedures

As part of the CAP, both MMA and Centene will maintain their respective existing CAP-related policies and other documentation, and create and maintain new CAP-related policies and other documentation as needed.

H. Enterprise Risk Management Process

While the MMA operational units are primarily responsible for preventing, identifying, and mitigating risks in their functional areas on a day-to-day basis, Magellan also maintains a corporate Enterprise Risk Management (“ERM”) program. The ERM program includes at a minimum annual internal and various third-party risk assessments in the areas of HIPAA, Internal Audit, and Compliance, with BOD level accountability and reporting. This existing program will continue throughout the term of the Contract and include within its purview, where relevant, considerations regarding this CAP.

I. Avoidance of MAIC Rate Development Information

As noted above, MMA will avoid an unequal access OCI regarding the survey and rate data held by Mercer (see Section VI.B) by not obtaining the information at all. Mercer is contracted by DHCS to survey pharmacy providers regarding their acquisition costs and to recommend appropriate Maximum Allowable Ingredient Cost (“MAIC”) rates to DHCS, primarily for generic drugs. MMA will not have access to the information collected by Mercer from DHCS enrolled pharmacies, which is competitively sensitive information, nor will MMA have access to the rates and fees that Mercer recommends to DHCS. MMA (along with other stakeholders with access to the Medi-Cal Rx web portal) will be privy to the rates and fees ultimately approved by DHCS, which will be imported into MMA’s claims processing system in order to adjudicate claims.

J. Operational Workarounds

As previously described, under the Medi-Cal Rx Contract there is some level of possible interaction between MMA and Centene-owned specialty pharmacies, including a Centene-owned pharmacy submitting a request for prior authorization or a claim on behalf of a Medi-Cal Rx beneficiary. A related scenario is that MMA handles a request for prior authorization (perhaps submitted by a beneficiary’s physician), approves the request, and the beneficiary later has that prescription filled at a Centene-owned pharmacy. DHCS and MMA also recognize that in some

instances an operational workaround may be employed to avoid or mitigate a potential conflict. Out of an abundance of caution to steer clear of any potential conflict issues under the Political Reform Act (see Section VI.D), prior authorization determinations and claims associated with a Centene-owned specialty pharmacy requiring manual clinical adjudication and program integrity/fraud, waste and abuse functions will be handled directly by DHCS for review and determination. Claims and Prior Authorization determinations that can be auto-adjudicated using DHCS-approved business rules will still be handled by MMA. In addition, ministerial duties, such as Key Data Entry (“KDE”) services, and searching for and documenting factual information in the system can also be performed by MMA staff. For example, as previously described, under the Medi-Cal Rx Contract there is some level of possible interaction between MMA and Centene-owned specialty pharmacies, including a Centene-owned pharmacy submitting a request for prior authorization or a claim on behalf of a Medi-Cal Rx beneficiary. A related scenario is that MMA handles a request for prior authorization (perhaps submitted by a beneficiary’s physician), approves the request, and the beneficiary later has that prescription filled at a Centene-owned pharmacy.

MMA, therefore, will have a smaller role in reviewing, approving, or rejecting any prior authorization or claim associated with a Centene-owned specialty affiliate. MMA will only review, approve or reject prior authorizations or claims associated with Centene-owned affiliates when such processes can be completed using an auto-adjudication process that relies on DHCS-approved business rules. MMA’s performance of ministerial duties, such as KDE services and searching for and documenting factual information in the system also are permissible. Any prior authorizations or claims submitted by Centene-owned affiliates that cannot be adjudicated on an automated basis, or that require additional clinical steps beyond purely ministerial actions, will be referred to DHCS for clinical manual adjudication. By removing MMA from the process, it avoids any real, apparent, or even potential conflict that would require neutralization.

MMA, Magellan, and Centene will not be compensated for costs that they incur to resolve and address the additional program workload resulting from the COI created as a result of the Transaction. MMA, Magellan, and Centene will also financially support the programmatic cost of DHCS’s retention of work caused by a conflict, including operations and system changes related to the Centene-owned pharmacies.

VIII. CAP Review, Oversight, and Validation

A. CAP Review

The CAP Team recognizes that the Transaction is still under regulatory review and the approval timeframe is unknown, and that any number of factors may impact the post-Transaction approval implementation of the CAP may be impacted by any number of factors.

In recognition of this reality and the fact that no one can know what the future may hold, the CAP should be biennially reviewed and amended as needed. Should material changes occur that may or will impact the CAP, ad hoc review and amendment as needed should be undertaken.

In addition, DHCS, MMA, Centene, and the Third-Party Monitor will work collaboratively to ensure that the commitments provided in this CAP are adhered to and that such compliance can be validated.

B. CAP Oversight and Validation

1. Government oversight

DHCS serves as the government organization responsible for review and determination of compliance with and ongoing efficacy of the CAP. As described in detail throughout the below narrative, scheduled and ad hoc reports by the Third-Party Monitor are recommended to assist DHCS in its oversight.

DHCS obligations under the CAP also include all of the following:

- Timely response and clarification to MMA, Centene, and other affiliated organizations, and the Third-Party Monitor's inquiries related to implementation, interpretation of, and compliance with the CAP.
- Participate in biennial and ad hoc CAP review to determine whether amendment is warranted.
- Review and provide feedback, if necessary, regarding the Third-Party Monitor's annual MMA CAP Compliance Report and other periodic monitoring reports.
- Review and provide feedback, if necessary, of monthly application and data monitoring, research, and reporting.

2. Third-Party Monitor oversight

As noted above, a Third Party Monitor will be appointed by DHCS to oversee MMA's compliance with the CAP. The Third-Party Monitor's responsibilities are described in greater detail below and include scheduled and ad hoc monitoring, reporting, consulting, and, where necessary (as determined by the parties to the CAP), investigation of compliance concerns.

The Third-Party Monitor's obligations under the CAP include all of the following:

- Timely response and clarification to MMA, Centene, and other affiliated organizations, and DHCS' inquiries related to implementation, interpretation of, and compliance with the CAP.
- Participate in biennial and ad hoc CAP review to determine whether amendment is warranted.
- Weekly application and data monitoring and research of MMA, and monthly reporting of the same to DHCS.

- Provide DHCS with an annual or ad hoc report of MMA and Centene’s compliance with the CAP in a to-be-agreed-upon format. The annual CAP report will include the results of the sample verifications and reviews and recommendations regarding any material changes.

The ongoing monitoring program overseen by the Third-Party Monitor and, where applicable, DHCS, includes three (3) components, generally defined below and more specifically described in Table 1 below, including:

✓ Application and Data Monitoring and Research

- A. Upon DHCS approval, MMA and the Third-Party Monitor will undertake the creation of an Allow List, which will include the definition of users, groups, and/or roles who have legitimate access to a particular application and data. A process will be established to update the Allow List, e.g., when a new employee joins the organization, as needed. On a weekly basis, the Third-Party Monitor will review the Allow List and MMA access logs and determine potential policy violations, and research such instances to determine whether an actual policy violation occurred and if so, how it has been or will be corrected. Monthly reporting to DHCS will include the potential policy violations, the results of research as to whether a policy violation in fact occurred, and the corrective action that was or will be undertaken.

✓ Trainings, Attestations, and Verification

- A. MMA and Centene have committed to both continuing and bolstering their existing employee Code of Conduct, compliance, ethics, and other applicable trainings to include specific examples of OCIs and COIs. All employees must complete the trainings upon hire and at least annually. Attestations of understanding and a commitment to comply must accompany the trainings. MMA and Centene must keep records of these trainings, which may be requested by the Third Party Monitor for verification of compliance. These trainings are, in addition to the Political Reform Act ethics trainings and Form 700 filings, required of Designated Employees.
- B. MMA has committed to updating certain of its Human Resources documentation as they relate to the Contract and the CAP. MMA must keep records of these documents, which may be requested by the Third Party Monitor for verification of compliance.
- C. On an annual basis MMA and Centene will provide the Third-Party Monitor with attestations of their compliance with the CAP.

The Third-Party Monitor will verify compliance with CAP requirements via the request of a universe and a pull and review of a random or other sample, as appropriate. Additionally both Centene and MMA must provide DHCS or its Third-Party Monitor, within one (1) business day, with copies of any and all annual reports it makes in compliance with DMHC Undertakings Sections 30(d) and 36(c).

- D. Additionally, biennially the CAP will be reviewed to determine whether amendments are necessary due to applicable material changes.
- E. MMA is undertaking a separate commitment that any material changes to its training program will be reported to the DHCS-appointed Third-Party Monitor for review. In this manner, DHCS or the Third-Party Monitor may determine whether any such changes weaken the training and awareness platform in such a manner that it is no longer satisfactorily designed to prevent unauthorized access to information or to educate employees regarding COIs. MMA's compliance with the timely reporting of material changes is to be confirmed in its annual attestation of compliance with this CAP.

✓ Policies and Procedures

- A. As part of the CAP, MMA and Centene will maintain their respective existing CAP-related policies and other documentation, as further described below, and create and maintain new CAP-related policies and other documentation as needed.

IX. Magellan, MMA, and Other Organizations' Obligations

The table below includes a summary of the various CAP obligations that apply to Magellan, MMA, Centene, and/or the Third-Party Monitor. These obligations are summarized below for DHCS's convenience and reference, and includes cross-references to the specific citation within this CAP that notes the particular obligation.

All records associated with the CAP must be retained by MMA and Centene, as applicable, in compliance with the retention period in the Contract or in California Government Code §8546.7, whichever is longer.

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
MMA Requirements					
Application and Data Monitoring (TPM.1)	Weekly determination of and, as needed, research into possible policy violations of CAP-relevant applications, in a format to be determined with DHCS. Where indicated, implementation of corrective actions. See CAP PP. 16 – 22	The Third-Party Monitor on a weekly basis will determine potential policy violations, <i>e.g.</i> , inappropriate access to data in a CAP-related application. Depending on the potential policy violation, the Third-Party Monitor may research the issue to determine whether an actual policy violation occurred and if so, how it has or will be corrected.	TBD	On a weekly basis, the Third-Party Monitor will determine whether there have been policy violations and provide a monthly report to DHCS.	The Third-Party Monitor will provide DHCS with a monthly report of the application and data monitoring, including potential policy violations, research into those potential policy violations, and the status of or recommendation regarding corrective actions.
Employee Training (MMA.1)	Employee training regarding OCI and COI responsibilities. See CAP PP. 23 – 27	Within one quarter of CAP approval, Magellan’s existing Code of Conduct training content will be bolstered (for use at the next regularly scheduled training interval) to include specific references to real or apparent OCIs and COIs and how to address those concerns, <i>e.g.</i> , reporting to	MMA to keep records of employee training completion and annually attest to the completion of the training by eligible employees (as defined by the parties); format of training records to be determined by MMA; annual	New employees: within 30 days of hire Existing employees: annually All employees: ad hoc in event of material changes	MMA to provide the Third-Party Monitor with an annual attestation of completion of employee training and maintain proof of training to provide upon request. Annually, the Third-Party Monitor will request a universe, pull a random or other sample, as appropriate, and verify MMA’s compliance with the requirement. The Third-Party Monitor to include in its

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		<p>superiors, Compliance, HR, etc.</p> <p>Additionally, Designated Employees under the Political Reform Act must also timely complete the FPPC ethics training, as applicable.</p>	attestation form is in Appendix A.		<p>annual report to DHCS regarding MMA’s CAP compliance.</p> <p>MMA will provide the Third-Party Monitor with timely notice of planned and required updates to the training as they relate to OCIs and COIs. In the event material changes to OCI and COI training elements are required, the parties will consult with MMA and review the content to ensure it is consistent with the letter and the spirit of the CAP. The Third-Party Monitor will include any changes in this area in its annual report to DHCS regarding MMA’s CAP compliance.</p>
Employee Awareness (MMA.2)	<p>Conduct periodic employee awareness campaign regarding OCIs and COIs.</p> <p>See CAP PP. 24 – 25</p>	<p>Conduct periodic but at least one (1) annual employee awareness campaign regarding COIs and OCIs, including how to identify conflicts, what to do, and who to reach out to for assistance or report. Awareness campaigns are up to the discretion of MMA</p>	<p>MMA to keep records of employee awareness campaigns and annually attest to the completion of at least one (1) campaign; format of campaign to be determined by MMA; annual</p>	<p>At least one (1) annual employee awareness campaign.</p>	<p>MMA to provide the Third-Party Monitor with an annual attestation of completion of at least one (1) employee awareness campaign and maintain proof of the campaign to provide upon request. The Third-Party Monitor may verify MMA’s compliance with the requirement. The Third-Party Monitor to include in its</p>

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		and can include, for example, inclusion in the annual Compliance Week activities or communications via email, Intranet, office postings, newsletters, and other media.	attestation form is in Appendix A.		annual report to DHCS regarding MMA’s CAP compliance.
Employee Attestation (MMA.3)	Implement an attestation regarding an employee’s certification of compliance with applicable Contract requirements. See CAP PP. 23 – 27	In addition to the Form 700 filing requirements of Designated Employees under the Political Reform Act, an attestation is required of new employees working on the Contract, and annually of all existing employees working on the Contract. This requirement may be satisfied through new employee and annual training confirmation of compliance with applicable Contract requirements. In addition, in the event an employee working on the Contract transfers to working for a Centene-owned California MCP, such employee will sign a	MMA to keep records of employee attestations and annually attest to its compliance with the requirement; annual attestation form is in Appendix A.	New Contract employees: within 30 days of hire Existing Contract employees: annually All Contract employees: specific attestation, offer letter, or similar document in the event such an employee transfers to working for a Centene-owned California MCP, in addition to Form 700 requirements	MMA to provide the Third-Party Monitor with an annual attestation of completion of employee attestations and maintain proof of attestations to provide upon request. The Third-Party Monitor will request a universe, pull a random or other sample, as appropriate, and verify MMA’s compliance with the requirement. The Third-Party Monitor to include in its annual report to DHCS regarding MMA’s CAP compliance.

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		specific attestation, offer letter, or similar document regarding awareness of the requirement regarding appropriate use and disclosure of information to which the employee had access in their prior role. Designated Employees under the Political Reform Act must also timely complete their final Form 700 filing and comply with the “one-year ban” and the “lifetime ban” as applicable.			
Policies and Procedures (MMA.4)	Maintain current and newly required policies and procedures in furtherance of the CAP. See CAP P. 27	Applicable policies and procedures are TBD.	MMA to keep records of at least annual review of applicable policies and procedures and annually attest as to its compliance with this requirement; annual attestation form is in Appendix A.	At least annual review and approval of applicable policies and procedures.	MMA to provide the Third-Party Monitor with an annual attestation of compliance with this policies and procedures requirement and maintain proof of such to provide upon request. The Third-Party Monitor will request a universe, pull a random or other sample, as appropriate, and verify MMA’s compliance with the requirement. The Third-Party Monitor to include in its

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
					annual report to DHCS regarding MMA’s CAP compliance.
Human Resources (MMA.5)	<p>Within one (1) quarter of CAP approval, implement an organization-wide addition to Contract-specific job descriptions requiring all personnel working on the Contract to comply with all applicable requirements, including with respect to OCIs and COIs, and add language and a reminder in personnel termination letters, if generally used, or otherwise address such issues in an exit survey or interview format.</p> <p>See CAP PP. 26 – 27</p>	<p>MMA to continue its existing annual, new employee, and ad hoc protocols regarding surveying, assessing, and reporting COIs to DHCS via the Form 700 protocols.</p> <p>Within one (1) quarter of acceptance of CAP, HR to implement:</p> <ol style="list-style-type: none"> 1. The inclusion of the agreed-upon OCI and COI compliance language in all Contract-specific employee job descriptions. 2. Addition of agreed-upon language regarding OCIs and COIs and a reminder to applicable departing employees of their continuing duty to maintain Confidential Information in termination letters, if generally used, or 	MMA to utilize existing job description template and termination letter or exit survey.	MMA to attest annually as to its compliance with the job description and termination letter/survey language requirements.	MMA to provide the Third-Party Monitor with an annual attestation of its compliance with this requirement, and maintain proof of such to provide upon request. The Third-Party Monitor will request a universe, pull a random or other sample, as appropriate, and verify MMA’s compliance with the requirement. The Third-Party Monitor to include in its annual report to DHCS regarding MMA’s CAP compliance.

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		otherwise address such matters in an exit survey or interview format.			
Annual Reporting	<p>Within one (1) business day, provide DHCS with a copy of the report MMA filed with the DMHC in compliance with DMHC Undertakings Sections 30(d) and 36(c).</p> <p>See CAP P. 31</p>	MMA to provide DHCS with the report it files with the DMHC in compliance with DMHC Undertakings Section 30(d) no later than one (1) business day after filing with the DMHC.	As determined by the DMHC.	Annually or as otherwise required.	MMA to provide the Third-Party Monitor with an annual attestation of its compliance with this requirement, and maintain proof of such to provide upon request. The Third-Party Monitor will review the report for compliance with applicable CAP requirements. The Third-Party Monitor to include in its annual report to DHCS regarding MMA's CAP compliance.
Centene Requirements					
Employee Training (CNC.1)	<p>Employee training regarding OCI and COI responsibilities.</p> <p>See CAP PP. 24 – 25</p>	Centene's existing Code of Conduct training content will be bolstered as applicable (for use at the next regularly-scheduled training interval) to include specific references to real or apparent OCIs and COIs and how to address those concerns, <i>e.g.</i> , reporting to	Centene to keep records of employee training completion and annually attest to the completion of the training by eligible employees; format of training records to be determined by Centene; annual	<p>New employees: within 30 days of hire</p> <p>Existing employees: annually</p> <p>All employees: ad hoc in event of material changes</p>	Centene to provide the Third-Party Monitor with an annual attestation of compliance with employee training and maintain proof of training to provide upon request. The Third-Party Monitor will request a universe, pull a random or other sample, as appropriate, and verify Centene's compliance with the requirement. The Third-Party Monitor to include in its

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		superiors, Compliance, HR, etc.	attestation form is in Appendix A.		<p>annual report to DHCS regarding Centene’s CAP compliance.</p> <p>Centene will provide the Third-Party Monitor with timely notice of planned and required updates to the training as they relate to OCIs and COIs. In the event material changes to OCI and COI training elements are required, the parties will consult with Centene and review the content to ensure it is consistent with the letter and the spirit of the CAP. The Third-Party Monitor will include any changes in this area in its annual report to DHCS regarding Centene’s CAP compliance.</p>
Employee Awareness (CNC.2)	<p>Conduct periodic employee awareness campaigns regarding OCIs and COIs.</p> <p>See CAP P. 26</p>	<p>Conduct periodic but at least one (1) annual employee awareness campaign regarding COIs and OCIs, including how to identify conflicts, what to do, and who to reach out to for assistance or report. Awareness campaigns are up to the</p>	<p>Centene to keep records of employee awareness campaigns and annually attest to the completion of at least one (1) campaign; format of campaign to be determined by Centene; annual</p>	<p>At least one (1) annual employee awareness campaign.</p>	<p>Centene to provide the Third-Party Monitor with an annual attestation of compliance with the employee awareness campaign requirement and maintain proof of the campaign to provide upon request. The Third-Party Monitor may verify Centene’s compliance with the requirement. The Third-Party Monitor to include in its annual report to DHCS</p>

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		discretion of Centene and can include, for example, inclusion in the annual Compliance Week activities or communications via email, Intranet, office postings, newsletters, and other media.	attestation form is in Appendix A.		regarding Centene’s CAP compliance.
Employee Attestation (CNC.3)	Implement or maintain an existing attestation regarding an employee’s certification of compliance with applicable compliance requirements. See CAP PP. 26 – 27	Required of new employees, and annually of all employees. This requirement may be satisfied through new employee and annual training confirmation of compliance with applicable compliance requirements. In addition, in the event an employee working on the Contract transfers to working for a Centene-owned MCP, such employee will sign a specific attestation, offer letter, or similar document regarding awareness of the requirements covering appropriate use and disclosure of	Centene to keep records of employee attestations and annually attest to its compliance with the requirement; annual attestation form is in Appendix A.	New employees: within 30 days of hire Existing employees: annually	Centene to provide the Third-Party Monitor with an annual attestation of compliance with the employee attestation requirement and maintain proof of attestations to provide upon request. The Third-Party Monitor will request a universe, pull a random or other sample, as appropriate, and verify Centene’s compliance with the requirement. The Third-Party Monitor to include in its annual report to DHCS regarding Centene’s CAP compliance.

Table 1. CAP Compliance Requirements

CAP COMPLIANCE REQUIREMENTS					
CAP ELEMENT	REQUIREMENT	DETAIL	REPORT FORMAT	FREQUENCY	OVERSIGHT
		information to which the employee had access in their prior role.			

A. Non-Compliance with the CAP

1. Individuals

As noted above, MMA maintains a Human Resources policy and procedure, which describes the potential disciplinary action that may be taken against individuals who are found not to have complied with applicable compliance requirements, including but not limited to the CAP. The policy details the range of potential disciplinary measures, up to and including termination of employment.

2. MMA

In the event of non-compliance with the CAP by MMA and/or Centene, DHCS may avail itself of the rights and remedies applicable to such non-compliance provided for in the Contract against MMA, up to and including Contract termination.

X. Conclusion

The principles and avoidance measures in this CAP—including administrative separation, technological safeguards for the protection of information, effective employee training and awareness, and independent review—will successfully guard against and avoid real and apparent conflicts between MMA and Centene-owned MCPs and specialty pharmacies. MMA will employ these measures to avoid, neutralize or mitigate any OCIs and COIs and to ensure that all Confidential Information is handled and accessed in accordance with the Medi-Cal Rx Contract. In the event of a change in facts or circumstances that could give rise to a real or apparent OCI or COI, MMA will make prompt disclosure to DHCS and/or the Third Party Monitor and take any additional measures necessary to ensure MMA's freedom from OCIs and COIs for the life of the Medi-Cal Rx Contract.

APPENDIX A

Annual CAP Attestation Form Template

**MMA
Conflict Avoidance Plan Annual Attestation**

On behalf of MMA, Centene, and all of their affiliates, as applicable, I attest that, to the best of my knowledge and belief, all Conflict Avoidance Plan (“CAP”) compliance requirements detailed and checked below are accurate and complete as of the date of my signature.

REQUIREMENT	
<input type="checkbox"/>	Application and Data No CAP-related material changes have been made to the in-scope application and data systems, or they have been timely reported to the Third-Party Monitor and/or DHCS, as applicable.
<input type="checkbox"/>	Employee Training and Attestation All eligible employees, as defined in the CAP, timely completed Code of Conduct training and the training attestation at the required frequency. Records of the training and attestation completion are available for verification upon request.
<input type="checkbox"/>	Designated Employees Training and Form 700 Filing All Designated Employees timely completed their Political Reform Act obligations, including but not limited to ethics training and Form 700 filing, as applicable. Records of the training and attestation completion are available for verification upon request.
<input type="checkbox"/>	Employee Awareness Campaign At least one (1) employee awareness campaign was conducted that focused on awareness of and compliance with applicable requirements regarding conflicts of interest and organizational conflicts of interest. Records of the employee awareness campaign are available for verification upon request.
<input type="checkbox"/>	Policies and Procedures All CAP-related policies and procedures, as defined by the CAP, were reviewed and approved per the applicable review and approval process. No material changes were made, or they have been timely reported to the Third-Party Monitor and/or DHCS, as applicable. Required new CAP-related policies and procedures have been timely reported to the Third-Party Monitor and/or DHCS, as applicable.
<input type="checkbox"/>	Human Resources No material changes have been made to the CAP-related employment documentation or they have been timely reported to the Third-Party Monitor and/or DHCS, as applicable.
<input type="checkbox"/>	Material Changes No reportable CAP-related material changes have occurred, or they have been timely reported to the Third-Party Monitor and/or DHCS, as applicable.
<input type="checkbox"/>	Centene Requirements All Centene CAP requirements have been met or, if not, have been timely reported to the Third-Party Monitor and/or DHCS, as applicable. Records of compliance are available for verification upon request.
<input type="checkbox"/>	DMHC Filings and Reports Both Centene and MMA have provided DHCS or its Third-Party Monitor copies of filings and reports made with the DMHC in compliance with DMHC Undertakings Section 30(d) within one (1) business day of providing same to the DMHC.
OR, with respect to any area above not attested to:	
<input type="checkbox"/>	Please provide details.

Printed Name _____

Title _____

Signature _____

Date _____