

**Public School Employees' Retirement System  
Code of Conduct for Health Options Program  
Prescription Drug Plan**

**Adopted by the  
Public School Employees' Retirement Board**

***Effective: December 6, 2019***

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## Mission

The Public School Employees' Retirement Board (Board) has adopted this Code of Conduct (Code) to promote and support the highest standards of conduct and ethical behavior throughout the Commonwealth of Pennsylvania Public School Employees' Retirement System (PSERS) Health Options Program (HOP) Prescription Drug Program (PDP), across all staff that work for PSERS and are associated with the PDP along with any First Tier, Downstream and Related Entities (FDRs).

## Introduction and General Policy Statement

This Code provides a framework for the proper standard of conduct and ethical conduct for those involved in PDP activities of the HOP and a basis for the evaluation of that conduct.

This Code should not, however, be relied upon as an exclusive or comprehensive list of applicable legal, ethical, or fiduciary requirements of conduct. It does not attempt to specify every possible activity that might be inappropriate or prohibited under applicable laws and regulations. Nothing in this Code shall exempt any person from any PSERS policy or any applicable federal or state law, regulation, or policy. The standards of conduct set forth in this Code are designed to supplement such laws, regulations, and policies. Moreover, members of professional organizations that promulgate standards of conduct must comply not only with this Code, but also with those professional standards, as applicable.

As a general policy, all PSERS employees shall comply with all laws and regulations applicable to PSERS business. The policies and procedures embodied in this document are designed to foster and implement this requirement with respect to those specifically involved in HOP PDP.

This Code's guidelines along with:

- (i) the Pennsylvania Public Official and Employee Ethics Act (Act),
- (ii) the Employee Ethics Policy of the Commonwealth of Pennsylvania Public School Employees' Retirement System (Employees Ethics Policy),
- (iii) the Ethics Policy of the Commonwealth of Pennsylvania Public School Employees' Retirement Board (the Board Ethics Policy and collectively with the Act and the Employees Ethics Policy, the Ethics Policies), and
- (iv) the HOP PDP Compliance Program (Compliance Program) and its policies and procedures

establish an overview of expectations regarding HOP PDP's business activities.

The following questions may assist a Covered Party in evaluating specific situations:

- Will my actions comply with the intent and purpose of the HOP PDP's policies and procedures and the Compliance Program?
- If this action becomes known to my supervisor, colleagues, business associates, or other external parties will I harm my reputation or the reputation of the HOP PDP?
- Is this action honest in every aspect?
- Could this action appear inappropriate to others even if it is technically legal?

Regardless of the specific situation a Covered Party encounters, the Covered Party must always be honest and should strive to be forthright at all times.

## Responsibility for the Policies and Procedures

This Code is applicable to all employees involved in HOP PDP identified in Exhibit A (a Covered Party or the Covered Parties). Each Covered Party is required to be familiar with all policies and procedures applicable to his or her activities and adhere to them. Adherence to PSERS' policies and procedures is mandatory, and any questions should be discussed with the PDP Compliance Officer or the Executive Director. Covered Parties who are PSERS employees (Covered Employees) may also address questions to their supervisor or manager. Covered Employees who violate this Code may be subject to disciplinary action, up to and including termination of employment.

As a condition of employment with PSERS, all Covered Employees are required to acknowledge in writing within:

- (i) ninety (90) days of employment; and
- (ii) annually, in conjunction with his or her annual performance evaluation

that the Covered Employee has received, read, and agrees to comply with the Code by signing an Acknowledgement Statement. A copy of the required Employee Acknowledgement Statement is attached as Exhibit B.

All Covered Parties, who are Board members or designees are required to acknowledge in writing:

- (i) at the time of the individual's orientation; and
- (ii) within ninety (90) days of the Board's adoption of any amendments to the Code.

that the Covered Party has received, read, and agrees to comply with the Code by signing an Acknowledgement Statement. A copy of the required Board and Designee Acknowledgement Statement is attached as Exhibit C.

The PDP Compliance Officer will maintain an electronic file of the signed Acknowledgment Statements along with an accompanying log and forward a copy of each signed

Acknowledgement Statement to the PSERS Human Resource Office to be retained in the employee's official personnel folder.

### Compliance Program

The HOP PDP adopted and implemented a Compliance Program to reinforce compliance expectations embodied in this Code. The HOP PDP Compliance Program includes measures to prevent, detect, and correct instances of noncompliance to the HOP PDP policies and procedures and actual and potential fraud, waste, and abuse (FWA). The HOP PDP Compliance Program is tailored to the HOP PDP operations and specific circumstances.

### Compliance Policies and Procedures

The HOP PDP has written compliance policies and procedures that are:

- (i) detailed and specific,
- (ii) describe the operation of the HOP PDP Compliance Program, and
- (iii) address topics such as:
  - (a) the compliance reporting structure,
  - (b) compliance and FWA training requirements,
  - (c) the confidential reporting requirements, and
  - (d) how suspected, detected or reported noncompliance and FWA issues are investigated, addressed, and remediated.

All policies and procedures are updated to incorporate changes in applicable laws, regulations, and other requirements. HOP PDP compliance policies, which are set forth in the Compliance Program are listed in [Appendix A](#).

### Distribution of the Code

#### A. **Employees**

The PSERS Human Resources Department will distribute the Code to Covered Employees, within ninety (90) days of:

- (i) hire, and
- (ii) the Board's adoption of any amendments to the Code.

#### B. **FDRs**

The PDP Compliance Officer shall ensure that the Code will be shared and reviewed annually with FDRs as a part of the FDRs' provision of its annual attestation.

#### C. **Board Members**

The PSERS Human Resources Department will distribute to Board members and their designees the Code within ninety (90) days of:

- (i) the applicable appointment date, and
- (ii) the Board's adoption of any amendments to the Code.

### Interpretation and Application of the Code

The Code establishes the institutional principles and guidelines that are carried out through: (i) specific HOP PDP compliance policies and procedures and (ii) instructions set forth by authorized Covered Parties.

All Covered Parties and FDRs are expected to act, make business decisions, and manage efforts on behalf of the HOP PDP in a responsible, professional, ethical, and legally compliant manner. All Covered Parties must exercise appropriate judgement to ensure that work-related decisions are: (i) prudent and fair, and (ii) based on an accurate understanding of the underlying facts and reflect adherence to the Code.

In the event of a conflict between the provisions of this Code and the Act, the provisions of the Act shall control. In the event of a conflict between the provisions of this Code and (i) HOP PDP policy or procedures or (ii) any other of the Ethical Policies except the Act, the provisions of this Code shall control.

### Training

Covered Parties must receive training to help them conduct business in an ethical and compliant manner. Covered Parties who are employees (inclusive of temporary employees) shall receive, at a minimum, a general compliance and FWA training, at the following times:

- (i) within ninety (90) days of initial hiring,
- (ii) within ninety (90) days of updates to the training; and
- (iii) at least annually commencing in the calendar year after the year of hire.

Covered Parties who are Board members or designees shall receive, at a minimum, a general compliance and FWA training, at the following times:

- (i) within ninety (90) days of their appointment,
- (ii) within ninety (90) days of updates to the training; and
- (iii) at least annually commencing in the calendar year after the calendar year of appointment.

FDR employees who have involvement in the administration or delivery of Parts C and D benefits must, at a minimum, receive FWA training within 90 days of initial hiring (or contracting) and annually thereafter.

Attendance and participation in these trainings are a mandatory condition of employment for Covered Employees and to contract with the HOP PDP per Chapter 9 of the Medicare Prescription Drug Manual for FDRs. These training and education programs help prevent and detect possible violations to the Code and Ethics Policies. Records of these trainings must be maintained by the HOP PDP and applicable FDRs for a period of ten (10) years.

The PDP Compliance Officer is required to ensure that all Covered Parties participate in the training mandated by this Code. All Covered Employees who are supervisors are required to ensure that the Covered Employees who report to them complete the training required by this Code.

At least annually, the PDP Compliance Officer shall report to the Board's Audit/Compliance Committee and the Executive Director the names of all Board members and designees, who are not in compliance with the Code's training requirements. The PDP Compliance Officer shall report to the Executive Director and PSERS Human Resources Department the names of Covered Employees who are not in compliance with the Code's training requirements.

## Responsibilities of Covered Parties

### All Covered Parties

Covered Parties are responsible for understanding and adhering to federal, state, and local laws and regulations, PSERS' policies such as this Code, and the HOP PDP Compliance Program, policies, and procedures that pertain to their areas of responsibility. They are also responsible for recognizing and reporting issues of non-compliance, including any instance of potential or suspected FWA. Covered Parties will cooperate, allow access, and provide requested records to auditors acting on behalf of federal, state, or local government. All Covered Parties are responsible for seeking clarification if they are uncertain about any requirements.

The HOP PDP will provide to the Centers of Medicare and Medicare Services, the National Benefit Integrity Medicare Drug Integrity Contractor, and other federal, state, or local agencies and their authorized contractors access to all requested facilities and records associated in any manner with the HOP PDP. Any concerns regarding the scope of any request for documents or information will be promptly communicated to the PDP Compliance Officer or the Executive Director. Audits and the production and/or inspection of records will be coordinated to ensure minimal disruption to normal operations. Each Covered Party is responsible for responding timely to requests for information during audits and inquiries along with participating in the HOP PDP training and education programs when requested.

Covered Parties are further required to report any suspected or actual cases of non-compliance or potential FWA through at least one of the Confidential Reporting Lines listed in this Code.

### Covered Employees

Covered Employees are responsible for: (i) supporting and adhering to this Code, the Ethics Policy, the HOP PDP Compliance Program and (ii) ensuring that they conduct their operations in strict adherence to the principles set out in each of these policies and programs. Covered Employees are expected to have a working knowledge of the regulations, federal, state, and local laws that govern their areas of responsibility and for ensuring that policies, procedures, forms, letters, and other documents are compliant with these respective mandates.

## FDRs

FDRs must conduct business in a compliant, ethical manner and must ensure that their employees abide by this Code or by their own comparable code of conduct and compliance program per Chapter 9 of the Medicare Prescription Drug Manual. All FDRs are responsible for reporting as soon as practicable in writing to the HOP PDP Compliance Officer and the HOP PDP Director of Health Insurance Office of any instances of non-compliance including suspected or detected FWA. Moreover, FDRs must ensure that their employees understand how to report suspected or actual cases of noncompliance and FWA and attest to this on an annual basis. The HOP PDP retains the right to validate the effectiveness of FDR compliance programs, including validation of 'new hire' and annual general compliance and FWA training, as well as the Office of Inspector General and General Services Administration monthly exclusion screenings.

## Reporting, Investigation and Confidentiality

### When to Seek Advice

The people listed in the section below titled "WHERE TO GO FOR ADVICE OR TO REPORT A VIOLATION" will be available to address any questions a Covered Party has about the appropriate legal or ethical course of action in any given instance. If a Covered Party has a question, doubt, or concern about a practice or activity, the Covered Party should not speculate about the correct answer or course of action. This includes situations when:

- Applicable policies and/or procedures seem difficult to interpret under the circumstances.
- The relevant laws or standards are complex.
- A Covered Party has limited experience in dealing with the subject matter.
- A Covered Party feels that the Covered Party may be in a 'gray area', where the proper course of action seems unclear and the Covered Party needs guidance.
- A Covered Party finds that consultation would be helpful for any reason.
- A Covered Party feels pressured to adopt a course of action, and the Covered Party is unsure whether it is the correct path.

### Where to Go for Advice or to Report a Violation

A Covered Party must report suspected or actual violations of noncompliance or FWA through one of the following Confidential Reporting Lines:

- A Covered Employee's immediate supervisor or manager
- The PDP Compliance Officer or members of the Internal Audit Office



- The PSERS PDP Confidential Hotline (717) 772-3883; toll free (800) 778-2703
- Email: RA-PSFWA@pa.gov
- Chief Counsel

A Covered Party may also ask relevant questions to the above parties listed as Confidential Reporting Lines.

If the Covered Party is uncomfortable using any of the Confidential Reporting Lines listed above for reporting violations or concerns, the Covered Party may contact the Executive Director or PSERS Board Chair.

Covered Parties have a duty to report potential or suspected violations of the Code, the Ethics Policies, and any wrongdoing. This includes situations where the Covered Party knows or suspects that a Covered Party is, or those with whom the HOP PDP does business with, are about to engage in FWA or any other illegal or unethical activity.

A Covered Employee's failure to report misconduct or adhere to any other Code requirements may result in disciplinary actions up to and including termination of employment.

When a PSERS contractor or FDR fails to report misconduct or adhere to any other requirements of this Code or the FDR's equivalent code, PSERS may: (i) require the FDR or contractor to institute a corrective action plan, (ii) impose a monetary penalty, or (iii) terminate the applicable party's contract.

If a Covered Party wishes to report anonymously a suspected or actual violation of this Code, the Ethics Policies, or any other behavior that is of concern to the Covered Party, the Covered Party may:

- call the PSERS PDP Confidential Hotline (717) 772-3883; toll free (800) 778-2703, or
- email RA-PSFWA@pa.gov.

If the Covered Party chooses to reveal the Covered Party's identity, the Covered Party's identity will not be disclosed unless it becomes absolutely necessary during an investigation.

### **Non-retaliation and Non-intimidation**

PSERS prohibits retaliation and intimidation against any Covered Party for good faith participation in the compliance program and reporting concerns about actual or potential wrongdoing, including violations of: (i) this Code, (ii) the Ethics Policies, (iii) the HOP PDP Compliance Program, policies and procedures, and (iv) any applicable law or regulation, included but not limited to those laws referenced in the Ethics Policies, the Whistleblower Law, Act 1986-169, as amended, and Management Directive 205.16.

No adverse action will be taken by the PSERS against Covered Parties for complaining about, reporting, participating, investigating, or assisting in the investigation of a suspected violation, unless the allegation made, or information provided is found to be intentionally false. Retaliation and intimidation against any Covered Party, who in good faith assists in the investigation of any reported concern, is also prohibited. Any person, who engages in retaliation, intimidation and/or harassment, may be subjected to disciplinary action in the case of employees, or other appropriate action in the case of contractors or FDRs. Concerns about retaliatory or intimidating behavior should immediately be reported through the Confidential Reporting Lines.

### Confidential Reporting

The HOP PDP Compliance Program strives to preserve the confidential nature of the reports it receives, including the identity of the individual making the report. As outlined in this Code, Covered Parties have the option of reporting compliance concerns anonymously through the Confidential Hotline or the confidential email address set forth above. If a Covered Party reports confidentially, the Covered Party should feel secure that their anonymity will be maintained, except when (a) disclosure becomes necessary for a proper investigation, and even then, disclosure will be made solely on an as-needed basis, or (b) when disclosure is legally required by subpoena or court order.

The HOP PDP conducts investigations of any actual, potential, or suspected misconduct with the utmost discretion and confidentiality, being careful to protect the reputation and identities of those being investigated as far as practical.

### Investigation of Compliance Concerns

Upon receipt of a report of suspected or actual non-compliance or FWA through the reporting mechanisms, the HOP PDP will initiate an investigation as quickly as possible, but no later than two (2) weeks after the date when the potential non-compliance or potential FWA incident was identified or reported. Investigation activities include, but are not limited to, a review of all related documentation, and interviews of appropriate individuals. A determination will be made, with consultation of the Office of Chief Counsel and Human Resources as appropriate, and cases of confirmed non-compliance may result in enforcement and disciplinary actions, up to and including employment or contract termination.

### Audits and Investigations

All Covered Parties are required to fully cooperate with all audits, inquiries, investigations and other reviews conducted by the HOP PDP, its designees, outside parties, and/or regulators.

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

- Retaining and producing, as requested, all potentially relevant records,
- Attending interviews and responding completely and truthfully to interview questions,

- Complying with the outside party's requests as directed by the HOP PDP Compliance Officer, Executive Director, or Office of Chief Counsel.

Failure to comply with this provision of the Code may result in corrective action, up to and including employment and/or contract termination. Appropriate measures will be undertaken in the case of contractors and FDRs.

## Enforcement and Disciplinary Actions

The HOP PDP program expects the conduct of all Covered Parties to be governed by the highest ethical standards, good judgement, and consideration to others and to fully meet their job responsibilities or contractual obligations. Any act, that may violate federal, state, or local laws, this Code and/or the Ethics Policies, the HOP PDP Compliance Program, and/or the HOP PDP policies and procedures, may result in employee disciplinary actions, up to and including employment termination and for FDRs and contractors, contract termination.

The Board is responsible for the enforcement of all aspects of this Code with respect to violations by individual Board members and their designees through resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation. Code enforcement actions may include removing the offender from the position of Chair or Vice-Chair of the Board, or from any other assignment on behalf of the Board. The Board may also pursue all of its legal remedies against any Board member or designee who violates the provisions of this Code.

Acts that are subject to immediate corrective actions will be timely and include, but are not limited to, the following:

- Violating laws, regulations, this Code, the Ethics Policies, the HOP PDP Compliance Program, policies, and procedures,
- Failing to satisfactorily implement corrective actions as a result of non-compliance actions,
- Directing or encouraging others to violate laws, regulations, this Code, the Ethics Policy, the HOP PDP Compliance Program, policies, and procedures,
- Failing to report known or suspected violations of laws, regulations, this Code, the Ethics Policies, the HOP PDP Compliance Program, policies, and procedures,
- Failing to exercise reasonable due diligence to detect misconduct on the part of employees or FDRs,
- Interfering with or being uncooperative during an internal or external investigation or audit,

- Knowingly, willfully, or negligently providing false or incorrect information to the HOP PDP or to a government agency, beneficiaries or contractors, or falsifying any document(s) or HOP PDP record(s),
- Intentional or willful destruction of the HOP PDP records or of any evidence relevant to an investigation of suspected violation of law, regulations, this Code, the Ethics Policies, the HOP PDP Compliance Program, policies, and procedures,
- Intimidating or retaliating against others for reporting a concern or a suspected or actual violation.

Each Covered Party should be mindful that violations of laws, regulations, this Code, the Ethics Policies, the HOP PDP Compliance Program, policies, and/or procedures could trigger external legal actions against the Covered Party. Criminal or government enforcement action can include: suspension or revocation of licenses, sanctions, monetary fines, criminal penalties, and imprisonment.

## Conclusion

Commitment to act in a compliant manner and follow this Code is key to ensuring a culture of trust and integrity in the HOP PDP.

## Exhibit A – Covered Parties

- A. All Board of Trustee members and designees
- B. Executive Office
  - a. Executive Director
  - b. Deputy Executive Director and Director of Defined Contribution Investments
  - c. Privacy Officer
  - d. PDP Compliance Officer/Internal Auditor
  - e. All Internal Audit Office Staff
- C. Health Insurance Office
  - a. Director of Health Insurance Office
  - b. Deputy Director of Health Insurance Office
  - c. Administrative Officer
- D. Office of Financial Management
  - a. Chief Financial Officer
  - b. Director of Annuitant & Healthcare Accounting
    - i. Accountant 3
    - ii. Accountant 2
    - iii. Accountant 1
- E. Office of Information Technology
  - a. Chief Information Officer
  - b. Chief Information Security Officer
- F. Additional employee titles may be added to this list with the approval of the PDP Compliance Officer and the immediate supervisor of the position.

## Exhibit B – Employee Acknowledgement

Employee Certification of Compliance  
with the  
Public School Employees' Retirement System (PSERS)  
Code of Conduct for Health Options Program (HOP) Prescription Drug Plan (PDP)

Effective December 6, 2019

I hereby certify that I have reviewed and am familiar with the Code of Conduct for HOP PDP (Code) of PSERS.

I have had the opportunity to ask questions about any provisions of this Code that are unclear to me.

I certify that I have been since the date the Code applied to me, currently am, and will remain in compliance with the provisions of the Code, including the applicable statutes, rules, guidelines, and policies referred to and discussed within the Code.

I acknowledge that failure to comply with the provisions of this Code may result in disciplinary action up to and including termination.

I hereby state that the facts above set forth are true and correct. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

## Exhibit C – Board and Designee Acknowledgement

Board and Designee Certification of Compliance  
with the  
Public School Employees' Retirement System (PSERS)  
Code of Conduct for Health Options Program (HOP) Prescription Drug Plan (PDP)

Effective December 6, 2019

I hereby certify that:

(1) I have reviewed and am familiar with the Code of Conduct for HOP PDP (Code) of PSERS; and

(2) I have been since the date the Code applied to me, currently am, and will remain in compliance with the provisions of the Code.

I hereby state that the facts above set forth are true and correct. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

## Appendix A - HOP PDP Compliance Policies

PSERS HOP Program Employer/Union Prescription Drug Plan Compliance Plan

001 PDP General Compliance and FWA Training Requirements

002 PDP Compliance Risk Assessment and Auditing & Monitoring Work Plan

003 Medicare Part D FDR Oversight

*Policies are maintained by the PDP Compliance Officer and are available upon request.*