



Commonwealth of Pennsylvania

Public School Employees' Retirement Board

Policy Name:	Code of Conduct Policy for Health Options Program Prescription Drug Plan
Policy Number:	2026-POL-BD-11
Effective Date:	October 22, 2026
Last Reviewed Date:	October 22, 2026
Executive Staff Contact:	Medicare Part D Compliance Officer

I. Purpose

The purpose of this policy is to set forth a Code of Conduct that provides guidance and expectations of the HOP PDP, the Board, and other Covered Parties in adhering to honest, law-abiding, ethical conduct in the administration of the HOP PDP.

II. Definitions

"Abuse" shall mean actions that may, directly or indirectly, result in unnecessary costs to the Medicare Program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. Abuse involves payment for items or services when there is no legal entitlement to that payment regardless of whether the provider has knowingly and/or intentionally misrepresented facts to obtain payment.

"Board" shall mean the Commonwealth of Pennsylvania, Public School Employees' Retirement Board, which is the sponsor of HOP and the HOP PDP.

"Board Member" shall mean a member or designee of the Board.

"CMS" shall mean the Centers for Medicare & Medicaid Services.

"Covered Party" shall mean a Board Member, FDR, or any employee or contractor of the Board who has a role in the oversight, administration, or operations of the HOP PDP.

"FDR" shall mean any organization or individual that provides administrative services or healthcare-related services for the HOP PDP and otherwise referred to as first-tier, downstream, and related entities.

"FWA" shall mean Fraud, Waste, and Abuse.

"Fraud" is knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money or property owned by, or under the custody or control of, any health care benefit program. 18 U.S.C. § 1347.

"HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996.

"HOP" shall mean the Health Options Program sponsored by the Board.

"HOP PDP" shall mean the HOP Prescription Drug Plan sponsored by the Board.

“Medicare Part D Compliance Officer” shall mean the HOP PDP Medicare Part D Compliance Officer.

“PDP Compliance Committee” shall mean the staff committee comprised of the Executive Director, the Deputy Executive Director and Director of Defined Contribution Investments, the Director of the Health Insurance Office, and the Medicare Part D Compliance Officer.

“Waste” is the overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to the Medicare program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources.

III. Scope

This policy applies to the HOP PDP and Covered Parties. FDRs may comply with their own code of conduct and compliance program provided such standards satisfy CMS Chapter 9 requirements and are no less stringent than the requirements established by this policy.

IV. Objective

HOP PDP holds itself to the highest ethical standards on behalf of its members and stakeholders. The Board is committed to conducting HOP PDP operations with integrity, objectivity, and in the best interests of its members and beneficiaries. The Board has adopted this policy as the HOP PDP’s Code of Conduct. This document provides guidance in recognizing and addressing compliance and ethical issues and provides mechanisms to report illegal or unethical conduct without fear of retaliation.

Commitment to Beneficiaries

HOP PDP expects covered parties to place the interests of Medicare beneficiaries at the center of all operational activities and decisions. Covered Parties shall ensure beneficiaries are treated fairly and receive accurate information, timely services, appropriate access to benefits, and protection of their rights under the Medicare program.

Medicare Compliance Commitment

HOP PDP is committed to preventing, detecting, and correcting non-compliance and FWA. Covered Parties are expected to maintain the highest standards of integrity and professionalism, comply with Medicare requirements, promptly report compliance concerns, cooperate with investigations, protect beneficiaries, safeguard confidential information, and support a culture of compliance throughout the organization.

V. Policy

1. Covered Parties are to comply with applicable Medicare Part D requirements as well as other federal and state laws and regulations that govern the HOP PDP operations. This includes, but is not limited to, requirements related to privacy, confidentiality, information security, FWA prevention, ethics, and the protection of beneficiary information under HIPAA and other applicable laws. Nothing in this policy shall exempt any person from any applicable federal or state law, regulation, or policy. These standards of conduct are designed to supplement such laws, regulations, and policies.

2. Covered Parties are expected to understand and comply with the standards and requirements set forth in this policy and all applicable policies, procedures, laws, regulations, and CMS guidance related to the administration of the HOP PDP.
3. All Covered Parties have a responsibility to support and promote compliance with applicable Medicare Part D requirements, CMS regulations and guidance, federal and state laws, and the standards set forth in this policy.
4. Covered Parties must avoid actual, potential, or perceived conflicts of interest that could improperly influence, or appear to influence business decisions, regulatory compliance, or the administration of Medicare Part D benefits. Any conflict of interest, including financial interests, personal relationships, outside employment, or other circumstances that may affect independent judgment, must be promptly disclosed through established reporting channels so that appropriate review and mitigation measures can be implemented.
5. The PDP Compliance Committee is responsible for ensuring the adoption and implementation of a compliance program to reinforce expectations embodied in this policy. The compliance program is to include measures to prevent, detect, and correct instances of noncompliance and FWA within the HOP PDP. The written compliance procedures are to be detailed and specific, describe the operation of the compliance program, and address topics such as the compliance reporting structure, compliance, FWA training requirements, the confidential reporting requirements, and how suspected, detected or reported noncompliance and FWA issues are investigated, addressed, and remediated.
6. The PDP Compliance Committee is responsible for identifying all parties who are Covered Parties. The Medicare Part D Compliance Officer will maintain a current list of Covered Parties that will be reviewed and updated at least annually, and more frequently as appropriate to reflect changes in employment, operations, or applicable Medicare Part D requirements.
7. **Reporting by Covered Parties:**
 - A. Any Covered Party who learns of, suspects, or identifies potential non-compliance, FWA, or other conduct that may violate applicable laws, regulations, contractual requirements, or applicable policies and procedures must promptly report the matter through the established compliance reporting method. This includes situations where the Covered Party knows or suspects that a Covered Party, or any person or entity with which the HOP PDP does business, is about to engage in FWA or any other illegal or unethical activity. The established compliance reporting channels include:
 - i. A supervisor or manager
 - ii. The Medicare Part D Compliance Officer or designee
 - iii. Members of the Board
 - iv. The PDP Confidential Hotline (717) 772-3883; toll free (800) 778-2703
 - v. Email: RA-PSFWA@pa.gov
 - B. If a Covered Party is uncomfortable using a reporting method or believes that someone within the reporting structure is compromised, the employee may report an incident through the public method of reporting.

- C. Although proof of the conduct is not required, a Covered Party must report compliance concerns in good faith.
 - D. An employee should not confront a suspected individual or initiate an investigation alone because such actions could compromise an official investigation.
8. Non-compliance and FWA may include, but is not limited to:
- Knowing and intentional violation of laws, regulations, policies, and procedures;
 - Failing to satisfactorily implement corrective actions arising from identified non-compliance;
 - Directing or encouraging others to violate laws, regulations, and policies;
 - Failing to report known or suspected violations of laws, regulations, policies;
 - Interfering with or failing to be cooperative in an internal or external investigation;
 - Knowingly, willfully, or negligently providing false or incorrect information, or falsifying any document or HOP PDP record,
 - Intentional or willful destruction of any evidence relevant to an investigation of suspected violation of law, regulations, and policies;
 - Intimidating or retaliating against others for reporting a concern or a suspected or actual violation of this policy.
9. **Confidentiality and Protection from Retaliation:**
- A. An individual or Covered Party reporting may choose to remain anonymous by using the anonymous methods of reporting. Providing contact information, however, is optional as follow-up questions and clarification may be needed to facilitate research on a potential investigation.
 - B. Whistleblowers shall remain anonymous to the extent practicable and shall be protected from retaliation and discrimination pursuant to Management Directive 205.16 Amended – Compliance with the Whistleblower Law, Act 1986- 169, as amended.
 - C. To the extent allowed by law or as required to thoroughly investigate the matter, all information received through a report or investigation, including the source of the report and the results of the investigation, will be kept confidential and will not be disclosed to, or discussed with, anyone other than those who have a legitimate business need to know.
10. **Investigation of a Report of Non-Compliance or FWA**
- A. Upon receipt of a report, the Medicare Part D Compliance Officer will initiate an investigation no later than two (2) weeks after receipt of the report.
 - B. The investigation will be a reasonable inquiry into the matter that includes, but is not limited to, reviewing relevant documentation and interviewing appropriate individuals. If the issue appears to involve potential FWA and the Medicare Part D Compliance Officer does not have either the time or the resources to investigate the potential FWA in a timely manner, the matter should be referred to the National Benefit Integrity Medicare Drug Integrity Contractor (NBI MEDIC) within 30 days after receipt of the report so that the potential FWA activity does not continue.

- C. Covered Parties are required to fully cooperate with an investigation, which 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 and attending interviews and responding completely and truthfully to interview questions.
- D. The Medicare Part D Compliance Officer will report the results of the investigation to the PDP Compliance Committee and to the Board through the Audit, Compliance and Risk Committee as appropriate.

11. Exclusion Screenings:

- A. The Medicare Part D Compliance Officer or designee will conduct a screening of all Covered Parties against the U.S. Department of Health and Human Services Office of Inspector General (OIG) List of Excluded Individuals and/Entities (LEIE) and the General Services Administration (GSA) and other applicable lists.
- B. Screenings of all Covered Parties should be performed prior to the time of hire or appointment and repeated monthly thereafter to ensure that no individual or entity excluded from participation in federal healthcare programs.
- C. Covered Parties must immediately notify the Medicare Part D Compliance Officer if they become excluded, debarred, suspended, convicted of a healthcare-related offense, or otherwise become ineligible to participate in federal healthcare programs.

VI. Regulations/Related Policies/Issuances

- Appendix B: Laws and Regulations to Consider in Standards of Conduct and/or Training (Chapter 21 - Rev. 109, Issued: 07-27-12, Effective: 07-20-12; Implementation: 07-20-12) (Chapter 9 - Rev. 15, Issued: 07-27-12, Effective: 07-20-12; Implementation: 07-20-12)
- Title XVIII of the Social Security Act
- Medicare regulations governing Parts C and D found at 42 C.F.R. §§ 422 and 423 respectively
- Patient Protection and Affordable Care Act (Pub. L. No. 111-148, 124 Stat. 119)
- Health Insurance Portability and Accountability Act (HIPAA) (Public Law 104-191)
- False Claims Acts (31 U.S.C. §§ 3729-3733)
- Federal Criminal False Claims Statutes (18 U.S.C. §§ 287, 1001)
- Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b))
- The Beneficiary Inducement Statute (42 U.S.C. § 1320a-7a(a)(5))
- Civil monetary penalties of the Social Security Act (42 U.S.C. § 1395w-27 (g))
- Physician Self-Referral (“Stark”) Statute (42 U.S.C. § 1395nn)
- Fraud and Abuse, Privacy and Security Provisions of the Health Insurance Portability and Accountability Act, as modified by HITECH Act
- Prohibitions against employing or contracting with persons or entities that have been excluded from doing business with the Federal Government (42 U.S.C. § 1395w-27(g)(1)(G))

- Fraud Enforcement and Recovery Act of 2009
- All sub-regulatory guidance produced by CMS and HHS such as manuals, training materials, HPMS memos, and guides
- Ethics Policy of the Board, [Link to the Board's Ethics Policy.](#)
- Fraud Waste and Abuse Policy Statement, [Link to Board Resolution 2025-54 Regarding the Fraud, Waste, and Abuse Policy Statement](#)
- Employee Ethics Policy of the Commonwealth of Pennsylvania Public School Employees' Retirement System
- PDP Compliance Program

VII. Compliance

1. Questions regarding compliance obligations or the application of this policy should be directed to the Medicare Part D Compliance Officer or the Director of the Health Insurance Office. Covered Parties who are employees of the Board may also seek guidance from their supervisor or manager.
2. **Acknowledgement:**
 - A. All Covered Parties who are employees of the Board are required to acknowledge in writing on a form provided by the Medicare Part D Compliance Officer that the employee has received, read, and agrees to comply with this policy:
 - i. within ninety (90) days of employment;
 - ii. within ninety (90) days of the Board's adoption of any amendments to this policy; and
 - iii. annually, in conjunction with the HOP PDP compliance and FWA training.
 - B. All Covered Parties who are Board Members are required to acknowledge in writing on a form provided by the Medicare Part D Compliance Officer that the Board Member has received, read, and agrees to comply with this policy:
 - i. within ninety (90) days of the individual's appointment to serve as a Board Member;
 - ii. within ninety (90) days of the Board's adoption of any amendments to this policy; and
 - iii. annually, in conjunction with the plan compliance and FWA training.
 - C. The Medicare Part D Compliance Officer or designee will maintain a record of acknowledgements and will report to the Chairperson of the Audit, Compliance and Risk Committee and the Board's Chief Counsel the names of all Covered Parties who fail or refuse to file an acknowledgment for more than thirty (30) days after the due date. The Board's Chief Counsel shall counsel the Covered Party on the potential implications of continued non-compliance.
3. **Consequence of Non-Compliance or FWA:**

- A. Any matter of non-compliance or FWA by an employee of the Board may result in employee disciplinary actions, up to and including employment termination.
- B. Any matter of non-compliance with this policy by an FDR may result in contract termination, corrective action, or other legal proceedings as appropriate.
- C. Any matter of non-compliance or FWA by a Board member may result in resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation, removal from the position of Chair or Vice-Chair, or from any other assignment on behalf of the Board.
- D. When a report is substantiated, the Board's Office of Chief Counsel will recommend whether the matter should be referred to the proper authorities or if legal action against a Covered Party is appropriate. Criminal or government enforcement action can include suspension or revocation of licenses, sanctions, monetary fines, criminal penalties, and imprisonment.

VIII. Responsible Committee and Frequency of Review

1. The Responsible Committee for this policy is the Audit, Compliance and Risk Committee with input from the Health Care Committee.
2. This policy shall be reviewed annually by the PDP Compliance Committee. The Medicare Part D Compliance Officer shall report the results to the Audit, Compliance and Risk Committee.

Policy History:

Summary of Changes:

Date	Version	Summary
10/22/2026	1.0	Updated in new policy format. Adopted by Board Resolution 2026-40