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**SCREENING FOR INELIGIBLE PERSONS:
POLICY AND PROCEDURE [RCP1]**

Policy:


PharMerica Corporation ("PharMerica") shall not employ or retain any Employee or Covered Contractor (person or entity) that (a) is excluded, debarred, suspended or otherwise ineligible to participate in Federal Health Care Programs or in Federal procurement or non-procurement programs, or (b) has been convicted of a criminal offense under a Federal Health Care Program, but has not yet been excluded, debarred, suspended or otherwise declared ineligible.¹

Definitions:

- ▶ “Arrangement” means any arrangement, whether verbal or in writing, to which PharMerica is a party, involving (a) the purchase of pharmaceutical items or products, (b) the provision of pharmaceutical items, products and services to a long-term care or other facility that participates in one or more Federal Health Care Programs, or (c) a Transaction.
- ▶ “Biller” means a Contractor providing billing or coding services related to the preparation of claims or other requests for reimbursement for pharmaceutical items or services provided by PharMerica.
- ▶ “Broker” means a Contractor (other than non-agent attorneys, accountants and financial advisors) performing services related to the sale or acquisition of entities engaged in Federal Health Care Program business.
- ▶ "Chief Compliance Officer" means the Chief Compliance Officer of PharMerica and/or the Chief Compliance Officer's designee.
- ▶ “Contract Nurse” means a Contractor providing nursing services to patients, including consultant nursing services.
- ▶ “Contract Pharmacist” means a Contractor providing pharmaceutical items or services to patients, including consultant pharmacist services.
- ▶ “Contract Pharmacy Tech” means a Contractor assisting pharmacists to provide pharmaceutical items or services to patients.
- ▶ “Contractor” means, whether a person or an entity, an independent contractor, contracted vendor, subcontractor or agent that contracts directly with PharMerica.


1. Includes “all affected individuals”; persons required to be subject to the compliance program; all affected employees, all affected appointees and persons associated with the provider, all executives and all governing body members.

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- ▶ "Compliance Occurrence" means an event or series of events which an Employee or Contractor suspects in good faith to involve fraud, waste, abuse or other ethical or legal concerns.
- ▶ "Covered Contractor" means a Contractor who is a Biller, Broker, Contract Nurse, Contract Pharmacist, Contract Pharmacy Tech, Marketer, Pharmacy vendor or any Contractor involved with the development, approval, management, or review of any of PharMerica's Arrangements, and in the case of an entity, the individual associated with the Covered Contractor who is primarily responsible for the Covered Contractor's obligations under its written contractual agreement with PharMerica.
- ▶ "Employee" means any full-time, part-time or temporary employee of PharMerica Corporation, including, but not limited to, the PharMerica Chief Executive Officer and any member of PharMerica management inclusive of senior vice presidents, vice presidents and employees with director and managerial-level designations.
- ▶ "Federal Health Care Programs" means Medicare, Medicaid and all other Federal health care programs as defined in 42 U.S.C. §1320a-7b(f).
- ▶ "General Counsel" means the General Counsel of PharMerica and/or the General Counsel's designee.
- ▶ "GSA Lists" means the "Excluded Parties List System" and the System for Award Management" lists maintained by the General Services Administration. Both lists are available at <https://www.sam.gov/>. Instructions for searching the GSA Lists are attached as Exhibit RCP-1.2. If PharMerica subscribes to a third party background screen service that incorporates the GSA Lists in its review criteria that service may also be used.
- ▶ "Ineligible Person" means an individual or entity who or which (i) is currently excluded, debarred, suspended or otherwise ineligible to participate in the Federal Health Care Programs or in Federal procurement or non-procurement programs, or (ii) has been convicted of a criminal offense related to the provision of health care items or services covered by a Federal Health Care Program, but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.
- ▶ "Investigation Summary" is the written report to the General Counsel and the Chief Compliance Officer including the information required by part C, bullet 2, number 2 of PharMerica's compliance policy RCP-2, "Reporting, Investigation, and Corrective Action."
- ▶ "Marketer" means a Contractor performing functions related to the marketing or sales of items or services reimbursable by Federal Health Care Programs.
- ▶ "Hotline" means the anonymous, toll-free telephone compliance hotline (1-800-793-7741).

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- ▶ "Occurrence Report" means the report generated by the Chief Compliance Officer following notification of a Compliance Occurrence that includes the information required by part C, bullet 1 of PharMerica's compliance policy RCP-2 "Reporting, Investigation, and Corrective Action."
- ▶ "OIG List" means the "List of Excluded Individuals/Entities" maintained by the Office of the Inspector General of the Department of Health and Human Services ("OIG") at <http://www.oig.hhs.gov/>. Instructions for searching the OIG List are attached as Exhibit RCP-1.1. If PharMerica subscribes to a third party background screen service that incorporates the OIG list in its review criteria, that service may also be used.
- ▶ "Vice President - Human Resources" means the Vice President - Human Resources of PharMerica, Inc. and/or the Vice President - Human Resources' designee.
- ▶ "Transaction" means any arrangement, regardless of form, pursuant to which PharMerica acquires or sells an interest in a business unit or entity that furnishes pharmaceutical items or products and related services that are reimbursable by Medicare, Medicaid or other Federal Health Care Programs.

Procedure:

A. Pre-Hiring Screening for Employees

- ▶ PharMerica may not make an offer of employment to any employee applicant who is an Ineligible Person.
- ▶ Before making an offer of employment to any applicant, PharMerica shall conduct a search for the applicant in the OIG List and the GSA Lists.
- ▶ The following Employees shall be responsible for performing the OIG List and the GSA Lists searches for Employee applicants. The Employee who performs the search of the OIG List and the GSA Lists is responsible for obtaining a dated copy of the search results that precede the applicant's date of hire and placing a copy in the Employee's confidential personal file. The Employee who performs the search shall immediately notify the Chief Compliance Officer if any potential Employee appears on the OIG List or the GSA Lists.
 1. Pharmacies. The pharmacy director and/or the pharmacy director's designee shall begin the process related to respective applicants for employment in a PharMerica Pharmacy. Human Resources shall review and complete the process
 2. Corporate Offices in Louisville and Tampa. The Vice President - Human Resources shall conduct the searches for any applicant for employment in PharMerica's corporate offices in Louisville or Tampa.

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3. All Other Locations. The director/ most senior supervisor on premises or designee shall begin the process related to respective applicants for employment in a PharMerica Pharmacy. Human Resources shall review and complete the process

- ▶ Additionally, any applicant for employment with PharMerica will be required to affirm in writing that he/she is not an Ineligible Person, and any Employee who learns during the course of his or her employment that he or she is subject to an investigation that may result in he or she becoming an Ineligible Person shall immediately inform the Chief Compliance Officer.

B. Pre-Retention Screening for Covered Contractors

- ▶ PharMerica may not enter into any arrangement with a Covered Contractor or allow a Covered Contractor to work on any PharMerica matters if the Covered Contractor is an Ineligible Person. Note that additional obligations are imposed on Covered Contractors by PharMerica Regulatory compliance policy RCP 10 “Covered Contractor Retention Obligations.”
- ▶ As the final stage of the approval process, the Employee having the closest working relationship to the Covered Contractor shall be responsible for contacting the PharMerica Accounts Payable Department to conduct a search for the Covered Contractor in the OIG List and the GSA Lists. Accounts Payable shall maintain a record of the search result. Accounts Payable shall notify the Chief Compliance Officer immediately if a potential Covered Contractor appears on the OIG List or the GSA Lists.
- ▶ If the Covered Contractor is an entity that provides services through employees, contractors or agents, the search shall only include the Covered Contractor; the search is not required to include the Covered Contractor’s employees, contractors or agents.
- ▶ PharMerica Compliance Department shall audit vendors information quarterly and partner with Accounts Payable to confirm compliance with the aforementioned procedure.
- ▶ Additionally, any potential PharMerica Covered Contractor (person or entity) shall be required to affirm in writing that neither he/she nor, if an entity, any of its officers, directors, managers or employees are Ineligible Persons, and any Covered Contractor (person or entity) that during learns the course of the Covered Contractor’s relationship with PharMerica that the Covered Contractor is subject to an investigation that may result in the Covered Contractor becoming an Ineligible Person shall immediately inform the Employee with whom the Covered Contractor has the closest working relationship and the Compliance Department at compliance@pharmerica.com. The Employee who is notified by the Covered Contractor shall in turn immediately notify the Chief Compliance Officer of the Covered Contractor's status as an Ineligible Person.


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C. Ongoing Screening for Employees and Covered Contractors

- ▶ Before the conclusion of each month, the Chief Compliance Officer shall conduct a search to verify that no current Employee or Covered Contractor is listed on the OIG List or the GSA Lists. The Chief Compliance Officer shall maintain a record of these searches.
 1. The Chief Compliance Officer shall obtain updated lists of all Employees (from Human Resources Department) and Covered Contractors (from Finance Department) on a monthly basis, including the name and Social Security Number/Tax Identification Number.
 2. The Chief Compliance Officer shall perform a match of the Employee and Covered Contractor information against the then current OIG List and the GSA Lists. Possible positive matches that cannot be ruled out using the Lists shall be given special review by the Chief Compliance Officer and the Employee with the closest working relationship to Covered Contractor. An investigation will be performed to determine if the possible match can be excluded or is identified as a positive match.
 3. The Chief Compliance Officer shall investigate any positive matches by following the applicable process for Employees set forth in Part A or for Covered Contractors set forth in Part B of this Policy and Procedure. The Chief Compliance Officer shall notify the General Counsel, the Vice President - Human Resources, and, if a Covered Contractor, the Employee with the closest working relationship to the Covered Contractor of any positive matches.
- ▶ Upon notice that an Employee is identified as being on the OIG List or the GSA Lists, the Vice President - Human Resources, will immediately suspend the Employee without pay. The Chief Compliance Officer shall create an Occurrence Report, and then, working with the General Counsel, follow the investigation procedure set forth in PharMerica's compliance policy RCP-2 "Reporting, Investigation, and Corrective Action" for the purpose of determining the circumstances of the Employee being listed on the OIG List or the GSA Lists and whether the continued employment of the Employee (or, if a potential Employee, whether an offer of employment) is permissible. The Chief Compliance Officer shall ensure that an Investigation Summary is prepared.
- ▶ Following the investigation, the General Counsel shall promptly provide written notification to the Vice President - Human Resources as to whether an offer of employment or the continued employment of the Employee, as applicable, is permissible. If continued employment of the Employee is not permissible, the Vice President - Human Resources shall promptly terminate the Employee from employment in accordance with applicable policies of the Human Resources Department. After the investigation is complete, the Chief Compliance Officer shall create a Compliance Occurrence File on the incident that includes the information required by Part D of PharMerica's compliance policy RCP-2 "Reporting, Investigation, and Corrective Action."

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- ▶ Upon notice that a Covered Contractor is identified as being on the OIG List or the GSA Lists, the Chief Compliance Officer will (i) work with the Employee identified as having the closest working relationship to the Covered Contractor to immediately suspend the Covered Contractor from performing any work for PharMerica, and (ii) instruct the Senior Vice President, or designee - Accounting to ensure that no payments are made to the Covered Contractor. The Chief Compliance Officer shall create an Occurrence Report, and then, working with the General Counsel, follow the investigation procedure set forth in PharMerica's compliance policy RCP-2 "Reporting, Investigation, and Corrective Action" for the purpose of determining the circumstances of the Covered Contractor being listed on the OIG List or the GSA Lists determining whether the continued retention of the Covered Contractor (or, if a potential Covered Contractor, whether an offer of a contract) is permissible. The Chief Compliance Officer shall ensure that an Investigation Summary is prepared. .

- ▶ Following the investigation, the General Counsel shall promptly provide written notification to the Employee with the closest relationship to the Covered Contractor and the Senior Vice President, or designee - Accounting as to whether an offer of a contract or the continued retention of the Covered Contractor, as applicable, is permissible. If continued retention of the Covered Contractor is not permissible, the General Counsel shall ensure that all necessary actions are taken to promptly terminate all arrangements with the Covered Contractor. After the investigation is complete, the Chief Compliance Officer shall create a Compliance Occurrence File on the incident that includes the information required by Part D of PharMerica's compliance policy RCP-2 "Reporting, Investigation, and Corrective Action."

D. Distribution and Training

- ▶ The Chief Compliance Officer shall ensure that appropriate Employees and Contractors are aware, through training and distribution of descriptive materials, of the contents of this policy and procedure.

- ▶ The Chief Compliance Officer shall review this policy and procedure at least once per fiscal year to ensure that it remains current in light of legal and regulatory developments and any changes to PharMerica's operations and that it is working effectively. If revisions to this policy and procedure are made as a result of this review and assessment, the Chief Compliance Officer shall ensure within thirty (30) days of the revision date that the appropriate Employees and Contractors are aware, through training and distribution of descriptive materials, of the contents of the revision.

- ▶ PharMerica contracts with an outside company to maintain an anonymous toll-free telephone compliance hotline. The Hotline number, 1-800-793-7741, is available 24 hours a day, 7 days a week.

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