PURPOSE
This policy is to ensure compliance with the Federal Anti-Kickback Statute.

SCOPE
The policy applies to all CVS Caremark Agents.

POLICY
1. The Federal Anti-Kickback Statute prohibits the payment or receipt of any “Remuneration” that is intended to induce referrals or the purchasing, leasing or ordering of any item or service that may be reimbursed, in whole or in part, under a Federal Health Care Program, such as Medicare or Medicaid. It also prohibits the payment or receipt of any Remuneration that is intended to induce the recommendation of the purchasing, leasing or ordering of any such item or service.

2. CVS Caremark provides goods or services that may be reimbursed in whole or in part by Medicare, Medicaid or other government programs, such as outpatient prescription drugs and specialty pharmacy services. A payment or other Remuneration offered by CVS Caremark to induce referrals or the purchase of such goods or services could violate the Federal Anti-Kickback Statute. For example, payments made to clients or other payers to induce the award of business, payments or financial assistance provided to physicians to induce referrals, and free goods provided to patients to induce their selection of their health care provider could violate the Federal Anti-Kickback Statute.

3. The Federal Anti-Kickback Statute also prohibits the receipt of Remuneration that is intended to induce purchases, or recommendations of purchases, of goods or services. For example, payments received by CVS Caremark from pharmaceutical companies that are intended to induce CVS Caremark’s purchase of drugs or CVS Caremark’s recommendation of drugs to plans could violate the Federal Anti-Kickback Statute.

4. The federal government has created a number of "safe harbors" under the Federal Anti-Kickback Statute. If a transaction, relationship, or payment is structured in a manner that meets the requirements of a safe harbor, it can be protected from civil or criminal penalty under the Federal Anti-Kickback Statute. CVS Caremark will in all instances seek to structure its relationships in a manner to meet the requirements of available safe harbors. The following are examples of safe harbors applicable to CVS Caremark’s business practices:
   a. The discount safe harbor protects payments between parties that take the form of appropriately disclosed rebates or discounts. This safe harbor provides protection for discounts and rebates paid by pharmaceutical companies to CVS Caremark, as well as discounts and rebates paid by CVS Caremark to clients.
   b. The GPO safe harbor provides protection for administrative fees paid to CVS Caremark by pharmaceutical companies when CVS Caremark is acting in the capacity of a GPO for...
its health plan clients.

c. The personal services safe harbor offers protection for fair market value payments made for legitimate, commercially reasonable and necessary services, subject to the satisfaction of certain additional safe harbor requirements. This safe harbor is relevant to CVS Caremark service agreements, including service contracts with pharmaceutical manufacturers, physician consultants, and clients, and pharmacy service agreements.

5. Other safe harbors may also be available for a particular business arrangement. The CVS Caremark Legal Department will provide guidance on the appropriate structure of such relationships.

6. Because the Federal Anti-Kickback Statute is an intent based statute, failure to satisfy a safe harbor does not mean the conduct is illegal. Rather, the analysis of each arrangement should begin with the question of whether anything of value is being offered or exchanged to induce referrals, recommendations or the purchase of goods or services. In addition, the CVS Caremark Legal Department is required to provide guidance on the analysis and decision for each new arrangement.

7. **Responsibility for compliance with the Federal Anti-Kickback Statute policy:**
   a. This policy supplements the CVS Caremark Code of Conduct, which sets forth appropriate legal and ethical behavior Agents must follow. All Agents will comply, at all times, with the Federal Anti-Kickback Statute while performing their job duties and responsibilities for CVS Caremark.
   
   b. CVS Caremark has developed controls for protection against legal risk to the company through this policy, and this policy will be strictly enforced.
      
      i. All Agents are expected to report to the Compliance Officer or other appropriate individual any suspected violations of the Federal Anti-Kickback Statute or CVS Caremark Policies and Procedures. All Agents have the right to use the Ethics Line (1-877-CVS-2040).
      
      ii. Failure by any Agent to comply with this policy could lead to disciplinary action, up to and including termination of employment or assignment and legal action. In addition, a violation of the Federal Anti-Kickback Statute can result in criminal and civil penalties. A violation is a felony punishable by a fine of up to $25,000 per violation and imprisonment for up to 5 years. In addition, civil monetary penalties may be imposed of up to $50,000 for each violation plus damages of up to three times the total amount of the unlawful Remuneration.
      
      iii. A violation of the Federal Anti-Kickback Statute may also result in CVS Caremark’s exclusion from participation in the Medicare and Medicaid programs.

**DEFINITIONS** (All defined words in this document are capitalized).

1. **Agent:** Any Employee or Contractor.
2. **Contractor:** Any person who is not an Employee and who provides services to CVS Caremark pursuant to (a) an independent contractor or consulting agreement between the person and CVS Caremark; or (b) the person’s employment by a third party, where the third party has an agreement with CVS Caremark to provide such services to CVS Caremark.
3. **CVS Caremark:** CVS Caremark Corporation and each of its subsidiaries and affiliates.
4. **CVS Caremark Code of Conduct:** A document that sets forth appropriate legal and ethical behavior which Agents and members of the Board of Directors, when acting in that capacity, must follow.

5. **Employee:** Any full-time, part-time, temporary, or casual employee of CVS Caremark, including interns and externs employed by CVS Caremark.

6. **Remuneration:** Could be any benefit provided to a person to induce the recipient to refer, recommend, purchase, lease, or order goods or services. Remuneration can take many forms, such as cash payments, credits, gifts, free goods or services, the forgiveness of debt, or the sale or purchase of items at a price that is not consistent with fair market value.

**PROCEDURES**
NA

**WORK INSTRUCTIONS**
NA

**REVIEW AND REVISION HISTORY**

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision No.</th>
<th>Reason for Change</th>
<th>Sections Affected</th>
</tr>
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<tbody>
<tr>
<td>1/6/06</td>
<td>1.0</td>
<td>Provides additional clarification on Code of Conduct requirements</td>
<td>All</td>
</tr>
<tr>
<td>6/8/09</td>
<td>2.0</td>
<td>Converted to most current P&amp;P template, designed at enterprise level (CVS Caremark)</td>
<td>All</td>
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<tr>
<td>10/22/10</td>
<td>3.0</td>
<td>Updated policy 2. and 4. b. Placed document on most current P&amp;P template</td>
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