



HEALTHSPRING



Code of Business Conduct and Ethics

Adopted effective as of February 2, 2006
Amended and Restated effective as of April 15, 2011



Dear Employees and Board Members:

As a company, HealthSpring is committed to achieving the highest standards of business ethics. This achievement is expected by our various corporate constituencies, including our health plan members, federal and state regulators, providers, communities in which we operate, and stockholders. Accordingly, the Company also expects high standards of business and personal ethical conduct of all of our employees and members of our Board of Directors.

As a managed care organization whose primary focus is on the Medicare program, substantially all of the Company's business activities are regulated by federal and state laws. Compliance with these laws, including especially statutory, regulatory, and other Medicare Part C and D program requirements, is critical to our business mission and a core responsibility of each of our employees and Board Members. Compliance with Company policies, including this Code of Business Conduct and Ethics, is an essential component of fulfilling your responsibility. Our goal is to establish a workplace where honesty, integrity, and ethical behavior are embedded in day-to-day operating activities, from which we believe compliance naturally follows.

The attached Code of Business Conduct and Ethics, together with the Company's other policies and procedures, is designed to foster such a workplace. I encourage you to read it often and make it part of what you think it means to be a HealthSpring employee or Board Member. I think you will find that, although not every situation you may encounter is covered, it establishes a helpful framework. I am confident that this framework, together with your personal integrity, good judgment, and common sense, will lead you to "do the right thing." By each of us doing the right thing, all the time, HealthSpring will be a better company.

Sincerely,

A handwritten signature in black ink, appearing to read "Herbert A. Fritch", with a long, sweeping horizontal line extending to the right.

Herbert A. Fritch
Chairman of the Board and Chief Executive Officer

HEALTHSPRING, INC.

Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics (the “Code”) is designed to promote honest and ethical conduct by employees and members of the Board of Directors (“Board Members”) of the Company. Certain parts of this Code may apply specifically to the Company’s employees who are designated as “Executive Officers.” These employees are members of management who have been designated by the Board of Directors to serve as Executive Officers in accordance with the Securities Exchange Act of 1934, as amended.

This Code is also designed to assist in the compliance with legal, regulatory, and policy standards and restrictions applicable to employees’ and Board Members’ duties and responsibilities under the Medicare program requirements. Many of the subjects addressed in this Code are complex and require more detailed policies and procedures. As such, this Code is meant to supplement other policies and procedures established by the Company, such as the Company’s Insider Trading Compliance Policy; Corporate Disclosure Policy; HIPAA Compliance Policies; Fraud Waste and Abuse Policy; and Employee Handbook. Links to these policies and the complete Employee Handbook are posted on the Company’s intranet, and, in some cases, by click-through links in this Code.

The effectiveness of this Code and our compliance efforts depend upon our personnel bringing compliance issues to the attention of the Company’s Chief Legal Officer, Chief Compliance Officer or, in some circumstances, the Board of Directors. Board Members and employees are encouraged to report violations of laws, regulations, and this Code. Board Members and employees will be asked to review the Code annually and attest in writing to their understanding and compliance with the Code.

ANSWERS TO CODE OF CONDUCT QUESTIONS AND REPORTING VIOLATIONS

If you have a general question regarding the Code, or regarding whether a particular situation you are facing is covered by the Code, it is important that you contact one or more of the following persons:

Chief Legal Officer (General Counsel)

J. Gentry Barden
9009 Carothers Pkwy, Suite 501
Franklin, TN 37067
Ph: (615) 231-6140
Fax: (615) 401-4566
gentry.barden@healthspring.com

Chief Compliance Officer

Dana M. Fields
9009 Carothers Pkwy, Suite 501
Franklin, TN 37067
Ph: (615) 236-6150
Fax: (615) 401-4566
dana.fields@healthspring.com

Chairman of the Audit Committee

Robert Z. Hensley
4391 Old Bayou Trail
Destin, FL 32541
Ph: (850) 650-4804
abobhensley@aol.com

**Chairman of the Nominating and
Corporate Governance Committee**

Russell K. Mayerfeld
707 Cummings Avenue
Kenilworth, IL 60043
Ph: (847) 256-1862
russmayerfeld@yahoo.com

If you have a specific question or need to report a suspected violation regarding the following areas, please call the persons below:

- For questions about the disclosure of protected health information, please contact Patti Hoffman, HIPAA Privacy Officer, 9009 Carothers Pkwy, Suite 501, Franklin, TN 37076, (615) 236-6157, patti.hoffman@healthspring.com.
- For questions concerning a security breach (electronic information/computer systems), contact Kyle Duke, Information Security Officer, 44 Vantage Way, Nashville, TN 37228, (615) 565-8110 ext. 8809, kyle.duke@healthspring.com.
- For confidential and anonymous reporting of Medicare fraud, waste, or abuse; insider trading; accounting irregularities; and other violations of this Code, other Company policies, or federal, state, or local laws and regulations, please call the Compliance & Ethics Hotline, 1-800-826-6762, which is available 24/7. The telephone will be answered by trained staff of an independent company. They will document and forward a report of your call to the Chief Compliance Officer for review and investigation.
- For questions concerning political or lobbying activities, please contact Gary Bailey, the SVP of Regulatory Management & Administration, 9009 Carothers Pkwy, Suite 501, Franklin, TN 37076, (615) 236-6161, gary.bailey@healthspring.com.

See something wrong?

Call the Compliance and Ethics Hotline at 1-800-826-6762 to report any concerns anonymously.

- You do not have to give your name.
- Your phone number will not be tracked or documented.
- Phones are not answered by HealthSpring employees.
- No one may retaliate against an employee who reports a problem or asks a question in good faith.

You have a responsibility to report suspected violations of ethics and laws. If you become aware of a possible violation of this Code or any other compliance policy or law, you should immediately report it to your supervisor, or to one of the persons identified above, or by calling the Compliance & Ethics Hotline. We rely on your personal judgment and discretion as to how you will make the report.

In the event an employee is found to have violated this Code or failed to comply with laws (including laws governing Medicare fraud, waste, and abuse) or the Company's policies and procedures, actions by the Company in response include, but are not limited to, a written warning, a corrective action plan, ineligibility for transfer or bonus, and other disciplinary action, up to and including termination of employment. In the event that a violation of law is found, referral may also be made to the appropriate authorities.

The Company will not tolerate, and you are protected from, retaliation in any form for good faith reporting of possible or actual violations of this Code, or non-compliance with policies and laws, and for good faith participation in any investigation. Any employee who commits or condones any form of retaliation will be subject to discipline up to, and including, termination of employment.

CONFLICTS OF INTEREST

General Policy

For purposes of our Code, a "conflict of interest" occurs when an individual's personal interests interfere in a material way, or appear from the perspective of a reasonable person to interfere in a material way, with the business interests of the Company. A conflict situation can arise when an employee or Board Member takes actions or has interests that may make it difficult to perform his or her job responsibilities. Ordinarily, a conflict exists when a personal interest could actually or potentially influence the judgment or actions of an individual in the conduct of the Company's business. Conflicts of interest may also arise when an employee, a Board Member, or a family member of an employee or Board Member receives personal benefits – such as gifts – as a result of his or her position with the Company.

Upon your initial hire, and annually thereafter, you are required to complete a disclosure form provided by the Human Resources Department outlining any activity or interest that may constitute a conflict of interest. The Chief Legal Officer receives and reviews all disclosure forms disclosing existing or potential conflicts of interest. On an ongoing basis, you are responsible for updating any changes to prior disclosures as promptly as possible by informing your supervisor and the Company's Chief Legal Officer. Failure to do so may result in disciplinary action, up to and including termination of employment.

Business decisions should be based on what is in the best interests of the Company. You should avoid any personal financial interests that might conflict with the Company's interests. Such personal interests could include, among other things:

- Personal or family financial interests or indebtedness to enterprises that have business relations with the Company.
- Acquiring any interest in outside entities, properties, etc., in which the Company has an interest or potential interest. This would include stock in businesses being considered for acquisition.
- Transaction of any personal business with any of the Company's providers, suppliers, Executive Officers, or employees.

Serving as a Board Member, Officer, or Employee of a Non-Company Business

The Company expects its employees to devote their full energies to their work for HealthSpring. Your outside activities must not affect your performance, reflect adversely on the Company, or give rise to a real or apparent conflict of interest with your duties with the Company. You must be alert to potential conflicts of interest and be aware that you may be asked to stop any outside activity should such a conflict arise.

Executive Officers of the Company must have the written approval of the Company's Nominating and Corporate Governance Committee in advance of accepting an appointment or position to serve as a Board Member, partner, owner, officer, or employee of any non-Company business. If the service is permitted, then any Executive Officer acting in this dual capacity must inform the Nominating and Corporate Governance Committee of any matter affecting this dual responsibility and, if warranted, abstain from any discussion or vote arising from this situation. No outside employment of a Company employee that may constitute a conflict of interest is permitted unless approved as provided under this Code. Board Members who accept nominations to serve as board members of other public companies should, in cases where such nominations have not previously been disclosed, notify the Company's Nominating and Corporate Governance Committee.

Volunteering in civic and charitable organizations is encouraged for Company employees, including Executive Officers. To serve as a board member or officer of a charitable or civic organization, an Executive Officer must obtain approval from the Company's Chief Legal Officer.

Q I work for HealthSpring but my spouse doesn't. Her company has a financial relationship with HealthSpring. That relationship can't cause any conflict of interest problems because she isn't a HealthSpring employee, right?

A Wrong. All employees must avoid conflicts of interest or the appearance of conflicts. This includes personal or familial financial involvement with companies that do business with HealthSpring. If neither you nor your wife has business dealings with the other's company, this situation is not a conflict of interest. However, if your job ever changes and you do start to deal with her company, speak to your manager. In some cases, employees may be asked to work with the Chief Legal Officer to adopt a Conflict of Interest Management Plan.

Potential Conflicts by Family and Friends

The above conflict of interest guidelines are not intended to interfere with your personal life, but there may be situations where the actions of family members and close personal friends may cause an employee a conflict of interest. For example, gifts or other benefits offered to an employee's family member by current or potential providers, partners, or suppliers are considered business gifts and it is the same as if they were given to the employee. If an employee's spouse, relative, or close personal friend is directly involved in a business that would like to provide goods or services to the Company, the employee cannot use his or her position at the Company to influence the bidding process or negotiation in any way.

Personal Relationships

Employees in close personal relationships such as familial or marital relationships will normally not be permitted to work together in an office or department with less than twenty-five employees or as supervisor and subordinate, regardless of the size of the office or department. They will also not be permitted to work together if one or both employees are Executive Officers of the Company. Any exception to this must be approved by Company's Chief Executive Officer. Managers and supervisors reserve the right not to hire a relative or a person who has a close personal relationship with an employee in the Company.

Political and Lobbying Activities

The Company encourages all employees to participate in the political process and respects the right of each employee to determine his or her own participation. Federal law and the laws of many states and foreign countries prohibit corporations from making political contributions. Thus, an employee's contributions to a candidate for elective office or a political party must not be - or appear to be - made with or reimbursed from the Company's funds or assets. Similarly, employees may not devote any work time to any campaign for a candidate or political party, nor may any employee permit any campaign or candidate to use any Company facility or property.

From time to time, the Company identifies legislative issues that affect the Company's business. In certain instances, the Company may encourage employees to support or oppose such legislation. In no instance, however, may any employee use a position of authority to make another employee feel compelled or pressured to work for or on behalf of any legislation, candidate, political party, or committee, to make contributions for any political purpose, or to cast his or her vote in a particular way.

Without the prior consent of the Chief Legal Officer, no funds or assets of the Company (such as telephones, copiers, information systems, office supplies, etc.) may be used for federal, state, or local political campaign activities or contributions. These prohibitions cover not only direct contributions but also indirect assistance or support of candidates or political parties through purchase of tickets to special dinners or other fundraising events or the furnishing of any other goods, services, or equipment to political parties or committees.

No funds or assets of the Company will be used directly or indirectly for political contributions outside the United States, even when permitted by applicable law, without the prior written approval of the Chief Legal Officer or Chief Executive Officer of the Company.

The laws governing lobbying activities are complex, especially on the federal level. You should not engage in lobbying activities, or otherwise contact legislative bodies or elected officials to advocate on the Company's behalf, unless specifically authorized to do so by the Regulatory Management & Administration or Legal department. Before engaging any lobbyist, outside counsel, or other person to lobby or otherwise advocate for the Company with any person or governmental body on any legislative, regulatory, or other governmental issue, you must receive written authorization to do so from the Chief Legal Officer.

Relationships with Healthcare Providers

The Company requires compliance with federal and state laws that prohibit "kickback" activities within the healthcare field. Where cash or any other item of value is offered or paid purposefully to induce or reward referrals of items or services payable by a federal healthcare program such as Medicare, the federal anti-kickback statute is violated. In addition, the Centers for Medicare and Medicaid Services ("CMS"), has adopted regulations that prohibit health plans with Medicare contracts from including any direct or indirect payment to physicians or other providers as an inducement to reduce or limit medically necessary services to a Medicare beneficiary. Any violation of these laws can expose the Company and individual personnel to significant penalties, including substantial fines and exclusion from participation in the Medicare program. In addition, any person participating in "kickback" activities is subject to criminal prosecution.

Prohibition on Taking Company Corporate Opportunities

You are prohibited from taking personal opportunities that are available to you because of your position with the Company. You are likewise prohibited from using the Company's property or information for personal gain and from competing with the Company. You owe a duty to the Company to advance its legitimate

"HealthSpring's reputation and continued success depends on our commitment to doing business with integrity and in full compliance with the law."

– Herb Fritch, CEO

Q *I'm currently accepting bids from vendors who want to provide the company with an enterprise-wide document management system. The winning vendor will receive a multi-year contract valued at \$300,000. A salesperson from one of the vendors has offered my husband and me an all-expenses-paid trip to New York to see a Broadway play. He claims this is standard procedure and the trip is mine regardless of whether I award him the contract. Is it okay for me to accept the trip as long as I don't allow my judgment to be swayed?*

A *No. You should not accept any gifts unless you have prior permission from the Chief Legal Officer. Business entertainment that appears excessive or beyond the bounds of standard business practices may be construed by others as inappropriate and meant to influence your decision. Your personal integrity – along with the perception of your personal integrity – is vital to the Company's operations and reputation.*

business interests whenever the opportunity to do so arises. No employee, Executive Officer, or Board Member may take a corporate opportunity without the prior consent of the Chief Legal Officer or Board of Directors.

PERMISSIBLE BUSINESS GIFTS AND ENTERTAINMENT

The general purpose of gifts and favors, including entertainment, in a business context is to create goodwill. If they do more than that, and have the potential to unduly influence judgment or create a feeling of obligation, employees should not accept them. Subject to the limited exceptions described below, employees may not ask for or accept any kind of gift or personal benefit from present or potential providers, vendors, suppliers, or other business relations. This includes discounts and personal purchases of products and services of a vendor. Employees are strictly prohibited from accepting gifts of money (or cash equivalents). The following transactions are permitted and will be considered an exception to the general prohibition against accepting things of value:

- Acceptance of gifts, gratuities, amenities, or favors of nominal value (\$50 or less) or based on obvious family or personal relationships (such as those with parents, children or spouse) when the circumstances make it clear that it is those relationships, rather than the business of the Company, that are the motivating factors.
- Acceptance of meals, refreshments, travel arrangements or accommodations, or entertainment (including tickets to sporting and theatrical events, etc.), all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold business discussions or to foster better business relations, provided that the expense would be paid for by the Company as a reasonable business expense if not paid for by another party.
- Acceptance of advertising or promotional material of reasonable value such as pens, pencils, note pads, key chains, calendars, and similar items.
- Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers or that are otherwise available to all employees of the Company under a Company-approved program.
- Acceptance of gifts of reasonable value (but generally not more than \$50) related to commonly recognized events or occasions, such as a promotion, new job, closing of

a significant corporate transaction, birthday, wedding, retirement or holiday.

- Acceptance of civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment.

Gifts to Medicare beneficiaries of anything more than nominal value (more than \$15) may violate CMS guidelines and anti-kickback laws. This restriction applies to food, entertainment, and other promotional items, and may also apply to medical services. Accordingly, you should review closely the Company's policy, "Gifts to Medicare Beneficiaries," HS-COMP-P003, or call the Company's Chief Compliance Officer for guidance prior to engaging in any activity that could involve gifts or favors to Medicare beneficiaries.

An employee may not give anything of value to any current or potential business relation as an inducement to obtain business or favorable treatment. Moreover, employees are prohibited from giving anything of value (including meals, refreshments, travel or lodging expenses) to state or federal public officials as an inducement to have a law or regulation enacted, defeated, or violated. Because Company policy and laws could be violated if anything of value is given to a federal, state, or local government employee, even if there is no attempt to influence official action, no employee should give a gift to or entertain a public official without prior authorization from the Chief Legal Officer or the Regulatory Management & Administration Department.

We understand that you will have individual business and personal relationships with the Company's providers, suppliers, vendors, and others who do business with the Company even though such individual business and personal relationship is not connected with the Company's business. This policy is not intended to discourage such relationships. You should not, however, ask for or accept any special favors because of your position with the Company.

Participation in Professional and Vendor Conferences and Seminars

The Company encourages you to broaden your professional knowledge and reputation through the participation in, and presentations at, professional society meetings, conferences, seminars, and similar events. You should obtain the prior approval of the Chief Legal Officer of any materials to be presented by you at any such event. Moreover, you should report any proposed stipend, fee, or other payment (including coverage of travel expenses) to the Chief Legal Officer prior to receipt.

Q My sales team has had good enrollment so far, but it would be great if we could get our new enrollees to mention us to their friends. We're considering offering our new members a \$50 gift certificate to their favorite restaurant for every eligible referral they send our way. That should be okay since we're only giving gifts to members who've already signed up.

A No, that's not okay. CMS strictly prohibits gifts to beneficiaries valued over \$15 unless they are related to preventive care. CMS also prohibits giving gifts that are conditioned upon joining the plan or providing referrals.

CONFIDENTIALITY AND PRESERVATION OF RECORDS

General

Employees frequently have access to confidential information concerning the Company's business. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers or business relations, if disclosed. Safeguarding confidential information is essential to the conduct of the business of the Company. Caution and discretion must be exercised in the use of such information, which should be shared only with those who have a clear and legitimate need and right to know. If you encounter situations in which you are not sure of your obligations, call the Company's Chief Legal Officer.

No employee may disclose confidential information of any type to anyone except persons within the Company who need to know or others who have agreed in writing to maintain the confidentiality of the information. Information regarding a business relation may not be released to a third party, government, or other organization, without the consent of the business relation unless required by law. Any requests for information arising through a legal process (for example, by subpoena or court order) must first be referred to the Company's Chief Legal Officer before the release of the information.

All Company records (including electronic records and e-mails) are subject to rules regarding retention and destruction. Please consult the Company's Records Retention Policy (HS-COMP-PO12) for additional guidance.

Under no circumstances should any records (including electronic records such as e-mails and voice-mails) known to be the subject of or relevant to any anticipated, threatened, or pending lawsuit or governmental or regulatory investigation or case filed in bankruptcy be altered, removed, concealed, or destroyed.

HIPAA and HITECH Compliance

We, along with providers and other payors, are subject to the privacy and security rules enacted under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health ("HITECH") Act which was enacted as part of the American Recovery and Reinvestment Act of 2009. To ensure compliance with our obligations under HIPAA and the HITECH Act, the Company has implemented comprehensive policies and procedures. Company employees will find these policies and procedures in the electronic Online Monitoring Tool ("OMT"), the link for which is located on the Company's intranet.

I'm a member of an industry organization that includes some friends who work for competing companies. At our lunch last week we all compared notes about our companies' changes to plan benefits in certain markets. It wasn't a big deal since we're all in the same industry and everyone knew that there would be upcoming changes.

This assumption is incorrect. As an employee of HealthSpring, you should not communicate any confidential information to competitors or other interested parties. If you are uncertain whether the information you hold is confidential, err on the side of caution and avoid sharing it.

Under HIPAA and the HITECH Act, the Company is required to maintain the confidentiality, integrity, and availability of member information and to use and disclose the information only as required and as permitted by law and regulation. These same requirements are imposed on business associates that create, receive, or maintain member information on the Company's behalf.

Regulations implementing HIPAA and the HITECH Act are complex. Training programs are mandated for all new hires and for all current employees on an annual basis. Training programs, policies, and other general communications (such as the HIPAA Privacy page on the Company intranet, newsletters, etc.) cannot cover all privacy and security situations. Whenever there is a concern or question, you are encouraged to contact the HIPAA Privacy Officer or the Information Security Officer.

BUSINESS CONDUCT AND FAIR DEALING

Compliance with Insider Trading Laws

Transactions in the Company's stock are regulated by numerous complex laws. Severe civil and criminal penalties can be imposed on individuals and corporations convicted of violations. You are expected to comply fully with the Company's Insider Trading Compliance Policy. All employees are encouraged to consult the policy by accessing it through the Company's intranet for a complete description.

Antitrust Matters

The Company intends to comply with the antitrust laws of the United States because it is committed to fair and open competition. The Company believes that the long-range interests of its stockholders, members, providers, and other business relations and employees are best served by following business practices based on compliance with the law and respect for the operation of a free-market economy.

An antitrust violation is a serious matter. Under federal law, for certain violations such as price fixing, felony convictions are provided, and a corporation may be fined up to \$100 million if convicted. Individuals may be fined up to \$1,000,000, or imprisoned for up to ten years, or both. Many states' antitrust laws also provide criminal penalties. Antitrust violations may also subject the Company to extremely costly litigation and civil damages. Companies or individuals that are harmed as a result of antitrust violations are entitled to recover three times the amount of the actual damages, plus attorneys' fees.

Can you buy stock or sell stock right now?

Please review the Insider Trading Compliance Policy carefully before making any purchases or sales. If you still aren't sure, consult the Company's Chief Legal Officer at (615) 236-6140 before you act.

Q *Michael, a HealthSpring employee, and his friend Beth, who works for a HealthSpring provider, are playing a friendly game of golf after work. Michael has brought along an email marked “confidential” that discusses a proposal that would eliminate Beth’s company from our network of providers and could potentially hurt their business. Michael wants Beth to know about this since the change could result in cutbacks at the provider and Michael is concerned that Beth could lose her job. Is this behavior acceptable?*

A *Not Acceptable – The email contains sensitive confidential information that no one outside a few people at HealthSpring should know about.*

Relations with Competitors

Company Board Members and employees are prohibited from entering into discussions, formal agreements, or informal understandings with competitors concerning any material aspect of the Company’s business, except with the approval of the Board. Forbidden topics include bid and pricing strategies, benefits design, and sales and marketing practices.

The policy against communications with competitors also includes listening to or receiving confidential, competitively sensitive information, even if unsolicited from competitors. Board Members and Company employees should not send to or receive from a competitor any kind of bid or benefit design information. Information concerning competitors’ pricing activities may be obtained only from non-competitive sources, including the government. The Company’s Board Members and company employees are prohibited from using customers as conduits to enable the Company to communicate with competitors.

Unfair Methods of Competition and Deceptive Advertising and Practices

Federal law and the laws of many states prohibit unfair methods of competition and unfair or deceptive acts or practices. These statutes are broad in scope and prohibit, among other things, deceptive advertising. Company employees should avoid any practice that could be construed as unethical or as an unfair method of competition or a deceptive or unfair practice.

In particular, the Company is engaged in the advertising, marketing, and sale of various insurance and health plan products. All Company personnel and sales representatives must accurately represent products, services, benefits, and prices when engaging in marketing and sales efforts and should always do so with integrity. Prior to any distribution, all marketing materials should be carefully reviewed to ensure that statements are factual, up-to-date, not misleading and that they follow specific policy guidelines, including proper regulatory pre-approval.

Medicare Advantage plans are required to enroll all eligible Medicare beneficiaries regardless of age, health status, or cost of health services needed. Sales representatives and other Company personnel must not discriminate on the basis of health status when enrolling beneficiaries, which means that no prospective Medicare member may be asked questions concerning health status, and no medical pre-screening may be performed. A Health Risk Assessment (HRA) can be done after enrollment, however, to place the member in an appropriate disease or medical case management program. In addition, sales presentations of the Company’s Medicare plans must take place in settings that are accessible to everyone regardless of their health status.

Similarly, any efforts to encourage disenrollment of any Medicare beneficiary because of the individual's health status are strictly prohibited. CMS has published guidelines for use by Medicare Advantage plans in marketing to beneficiaries. These guidelines should be strictly followed.

Any reported violation of these requirements will be promptly investigated and immediate disciplinary action, up to and including termination of employment or other relationship with the Company, will result if a violation is found.

Sales Practices

Each sales representative and employee must adhere to applicable state and federal laws and regulations and Company policies relating to sales and marketing practices. Moreover, sales representatives and employees selling to Medicare-eligible individuals must adhere to CMS regulations and instructions including, but not limited to, the Medicare Marketing Guidelines to ensure honest and compliant marketing practices.

Each representative should act professionally and display courtesy and respect for the rights and reasonable requests of prospective enrollees at all times. Representatives should base their presentations on the merits of the respective products and should not disparage competitors or their products.

Sales representatives should give clear and accurate information regarding Company products and should never use false, misleading, untrue, or exaggerated statements to influence a beneficiary's decision to enroll in a Company health plan. Sales representatives should make certain that information on an enrollment application is complete, accurate, and legible. Although sales representatives may indicate that the Company's products meet criteria specified by the federal government, they should not imply that the representative is in any way connected with the government or endorsed or approved by a particular governmental agency. Promotional pieces utilized in the sales and marketing process must have prior approval by the Company and may not imply that the product is endorsed by the federal government or any of its agencies.

Sales representatives are prohibited from engaging in door-to-door or other unsolicited contact with beneficiaries, and are required to comply with the Company's policies of non-discrimination. The failure to adhere to these requirements will subject sales representatives to disciplinary action up to and including termination of appointment to represent Company.

Q *I'm pressed for time and promised to provide some campaign fliers for a local candidate's fundraiser this week. Can I work on them at the office during my spare time?*

A *No. Utilizing the Company's resources for non-business related purposes is the same as stealing from the Company. These resources include physical items such as office supplies, intangibles such as the Company's trademarks or tradenames, and your time while you are at work.*

PROTECTION AND USE OF COMPANY PROPERTY

Company Property

Employees and Board Members have a duty to protect and conserve Company property and to ensure its efficient use for proper purposes. All Company assets should be used for legitimate business purposes and not for personal gain. Employees of the Company are to take care to safeguard the property of the Company within reason. At no time, however, is a Company employee to put his/her person at risk to safeguard Company property. Company property includes, but is not limited to: (i) all physical property of the Company whether leased or owned by the Company and includes all fixtures; (ii) all books and records in possession of the Company; (iii) all marketing studies, advertising or promotional materials, member lists, logs, reports or any other forms or surveys that are in the Company's possession; and (iv) all information systems and software.

Use of Technology

Electronic mail and e-mail systems (including the Company's intranet) are property of the Company and must be used primarily for business purposes and only occasionally for personal reasons. The use of e-mail must conform to the policies and values of the Company. Among other things, messages that violate any of the Company's policies or invite participation in illegal activities, such as gambling or the use and sale of controlled substances, are prohibited.

Statements that, if made in any other forum, would violate any of the Company's policies, including without limitation, policies against harassment or discrimination and the misuse of confidential information, are prohibited to the same extent in an e-mail message. E-mail systems may be used to transmit sensitive information only when such information is adequately protected and the recipient has a legitimate "need to know" such information. Subject to applicable laws and regulations, the Company reserves the right to monitor, review, and disclose e-mail and voicemail as appropriate.

The Internet is an efficient and valuable business tool and is to be used primarily for business purposes. The Company reserves the right to access all information on Company computers, including but not limited to e-mail and history of Internet usage, even where personal passwords have been assigned. If you have questions about the use of your computer, the Internet, e-mail, or voice mail, please see the Employee Handbook or your supervisor.

COMPLIANCE WITH THIS CODE OF BUSINESS CONDUCT AND ETHICS

All Company employees and first tier, downstream, and related entities are required to familiarize themselves and fully comply with the spirit and letter of the laws, regulations, and guidelines applicable to their jobs. Appropriate, ethical, and lawful conduct is expected at all times, and compliance with our Code and Policies is a condition of continued employment. The Code establishes the standards of conduct that all Company directors and employees are required to follow. The Company expects employees to report suspected violations in accordance with the procedures set forth in this Code and in the Employee Handbook. No one will experience retaliation or retribution for a report made in good faith. First tier, downstream, and related entities are expected to enforce such standards among their own employees and provide for appropriate discipline for violations. First tier, downstream, and related entities whose actions are inconsistent with the Code may face financial penalties or loss of their contractual relationship with the Company.

In the event an employee is found to have violated this Code or failed to comply with laws (including laws governing Medicare fraud, waste, and abuse) or the Company's policies and procedures, actions by the Company in response include, but are not limited to, a written warning, a corrective action plan, ineligibility for transfer or bonus, and other disciplinary action, up to and including termination of employment. In the event that violations of law are found, referrals may also be made to the appropriate authorities.

COMPLIANCE WITH LAWS, RULES, AND REGULATIONS

General

As referenced throughout this Code, Board Members and employees must comply fully with applicable laws, rules, and regulations at all times, especially statutes, regulations, and Medicare Part C and D program requirements. In particular, Board Members and employees should take note of laws, rules, and regulations regarding the Medicare Program, the integrity of the Company's records, insider trading, and fair employment practices.

Fair Employment Practices

The Company offers equal employment and advancement opportunities to all employees without regard to race, color, creed, religion, age, national origin, gender, sexual orientation, marital status, physical or mental disability, veteran status, or any other

See something unfair or discriminatory happening in your work area?

Don't be a silent observer. The Company cannot address circumstances without being made aware of them. Remember that the Chief Compliance Officer, the Human Resources Department, and the Compliance Hotline are all resources at your disposal. You are valuable to the Company and your concerns will be taken seriously.

If you're not sure whether a particular situation raises a compliance issue, you should err on the side of reporting the issue to your manager, Human Resources, the Chief Compliance Officer, or by calling the Compliance & Ethics Hotline at 1-800-826-6762.

characteristic protected under federal, state, or local law. The Company is committed to equal opportunity in all aspects of employment, including recruitment, hiring, upgrading, promotion, transfer, training, compensation, benefits, discipline, termination, and Company-sponsored activities. The Company also requires all of its employees to treat each other, regardless of title or position, with the fairness and respect necessary to maintain a diverse place of employment that encourages each person to contribute to her or his full potential.

The Company is committed to providing a work environment that is free of discrimination and harassment. In keeping with this commitment, the Company prohibits all forms of harassment based on race, color, creed, religion, age, national origin, gender, sexual orientation, marital status, physical or mental disability, veteran status, or any other characteristic protected under federal, state, or local law. All forms of harassment are strictly prohibited. Every person conducting business on the Company premises, whether or not employed by the Company, must refrain from engaging in any verbal or physical conduct that could be construed as harassment. Such conduct may consist of making unwelcome sexual advances, or engaging in behavior that is sexual in nature, when the rejection of or submission to such conduct affects, either implicitly or explicitly, a term or condition of an individual's employment (e.g., pay, promotion, assignment, termination, etc.).

As a health insurer, the Company is subject to strict governmental regulation and oversight. The government requires that the Company refrain from hiring or contracting with individuals who have engaged in certain types of activities. Among other matters, individuals will be ineligible for hire or continued employment or any contractual relationship if they have been: (i) convicted of a criminal offense related to health care or (ii) listed as debarred, excluded, or otherwise ineligible for participation in federal health care programs. The Company performs an annual search of the exclusions lists maintained by the Office of Investigator General ("OIG"), and other government agencies, to confirm that each of its employees remains eligible to participate in the Medicare program.

Government Relations

The Company operates in an industry that is subject to a high degree of government regulation. Additionally, the Company currently has, or may in the future have, contractual relationships with federal, state, and local government agencies, including CMS, and may expand these relationships in the future. Given this environment, Company personnel may be in regular contact with representatives of government agencies. As with any Company business relation, it is important that Company employees maintain high levels of integrity in their relationships with such representatives. All

relations with government or political officials should be conducted in a manner that will not adversely reflect on the Company's or the governmental official's integrity, and with the expectation that all such actions will become a matter of public knowledge.

It is the Company's policy to cooperate with all reasonable requests from government authorities. All requests for information should be responded to with complete and accurate information. Making false claims or false statements to any government agency or official is a criminal violation potentially subjecting the employee and the Company to criminal penalties. In addition, documents should always be retained in accordance with the Company's document retention policies, if any, and should never be concealed, altered, or destroyed in anticipation of, or in response to, any governmental investigation. Any request for information from a government authority, other than routine items requested in the ordinary course of business, should be reported to the Company's Chief Legal Officer or Chief Compliance Officer prior to providing any information.

Government Investigations, Subpoenas

It is the policy of the Company to comply with the law and cooperate with reasonable demands made in a government investigation. In so doing, however, it is essential that the legal rights of the Company and Board Members and employees are protected. If any Board Member or employee receives an inquiry, a subpoena, or other legal document regarding the Company's business, whether at home or in the workplace, from any government agency, the Company requests that the Board Member or employee promptly notify his or her supervisor and the Chief Legal Officer. If an individual is contacted at home by a government agency concerning the Company's business, the individual should ask the agent to come back or call back later and immediately contact the Chief Legal Officer to discuss the matter. Usually, the Company will arrange for counsel representing the Company's interests to accompany any employee or Board Member to any interview by a government agent. If you do not have your own attorney, the Company will help you find one.

Sometimes it is difficult to tell when a routine government inquiry, audit, or review escalates into a more formal investigation. The Company relies on the common sense and alertness of its personnel for making this important determination and alerting the Chief Legal Officer of the initiation of any government investigation. In case of any doubt, you should consult with the Chief Legal Officer.

Contact with Government Agents/Investigators. All contacts with anyone claiming to represent any local, state, federal, or other governmental agency in an investigation should be immediately reported to the Chief Legal Officer and Chief Compliance Officer.

Dealing with Government Investigators. It is the Company's

Remember:

If you are approached by a government investigator – on or off of Company grounds – contact the Chief Legal Officer at (615) 236-6140 immediately.

policy to cooperate with the authorities. Nevertheless, government regulations and their enforcement is a very complex area of the law.

It is not uncommon for government investigators to attempt to interview employees at their homes after work. In these situations, it is also not uncommon for the Company's employees to not fully understand their rights. Those rights are summarized below so that all Company employees may be better informed how to respond under such circumstances:

- Regardless of the circumstances, when responding to questions from government agents, the Company expects all employees to tell the truth. Failure to be truthful could subject you to disciplinary action by the Company, up to and including termination, and could result in a charge of obstruction of justice by the investigating authority.
- You have the right not to be interviewed by the investigators. It is your choice. If you do begin an interview, then you are free to terminate the interview at any time.
- If you are approached at home, you have the right to refuse to let the government agents into your home.
- If you do choose to be interviewed, you have the right to insist that the interview take place at work during regular business hours.
- If you would like to first discuss the situation with a lawyer who will protect your own interests, the Company will assist you in finding a lawyer. If you then choose to be interviewed, you have the right to insist that your own lawyer be present. Under most circumstances, the Company will pay for your lawyer to represent you during this process.
- You also have the right to insist that a lawyer representing the interests of the Company be present.

Subpoenas, Summonses, and Complaints. The Company operates in a regulated industry and it may be subject to routine government reviews. As a result, the Company may receive summonses, subpoenas, and requests for production of documents. Company employees may find themselves subpoenaed to testify in hearings and trials.

It is essential that our counsel receive the complaint, subpoena, or similar document immediately.

Therefore, if any personnel is ever served with a subpoena, summons, or complaint, do the following immediately:

- Call the Chief Legal Officer or, if he is unavailable, the Chief Compliance Officer; and
- Fax or e-mail the documents to Attention – HealthSpring Compliance Officer. On your fax and other messages, write “URGENT” and also write your name, the date you received the document, and when and where you can be reached.

Do not:

- Turn over documents called for in a subpoena to anyone other than the Chief Legal Officer;
- Discuss the case with the individual who served you with the subpoena; or
- Discuss the subpoena with anyone other than the Chief Legal Officer.

If your help or testimony is needed, counsel for the Company will contact you directly with instructions on how to assist in the effort.

Responding to Search Warrants. A “search” occurs any time a government representative enters the Company’s premises and begins to look for documents. A search generally may not be conducted without a legally valid search warrant. A valid search warrant has the force and effect of a court order. An employee should be courteous and helpful to and cooperative with government representatives while following the guidelines set forth below.

In the event a state or federal agency serves a search warrant on your facility, the following is a brief checklist on how to conduct yourself during the search.

- Notify the Company’s Chief Legal Officer and Chief Compliance Officer immediately.
- Obtain a copy of the search warrant and fax or scan and email it to the Company’s Chief Legal Officer.
- Put the lead government representative on the phone with our Chief Legal Officer or tell the agent that the Company is represented by legal counsel and request that the search be delayed until legal counsel can be present.
- Ask for the name and telephone number of any prosecutor supervising the search warrant.

Q *I think that my co-worker might be struggling with substance abuse, but I don't want to report it. I don't want to get anyone in trouble or upset my boss, and I don't want to be known as a troublemaker. What can I do?*

A *If you believe that substance abuse is happening in your workplace or that your co-worker is arriving at the workplace under the influence, please contact your local Human Resources Department representative immediately to voice your concerns. You also have the opportunity to voice your concerns anonymously via the Compliance & Ethics Hotline at 1-800-826-6762. The Company will investigate the situation without revealing your identity to your coworkers. No one may retaliate against an employee who honestly reports a problem or asks a question in good faith.*

- Read the warrant and note (a) officers authorized to conduct the search, (b) areas of the facility or office to be searched, and (c) items to be seized.
- Request the affidavit(s) filed in support of the warrant (the governmental representative is generally not required to provide the affidavit(s)).
- Request to see the professional identification (for example, badges) of the agents present during the search and make notes of the information.
- Cooperate with the investigators but do not “consent” to the search.
- Assign someone the task of monitoring the search.
 - a) Accompany the investigators; no one should be left unattended;
 - b) Take detailed notes with detailed information about the search such as items seized; areas searched; the names of employees that the agents talk to, etc.; and
 - c) Separate attorney-client privilege documents and inform the agents that the Company is not waiving any privileges.
- Contact the Chief Legal Officer immediately if a dispute should arise regarding the place or extent of what is being searched or seized.
- A search warrant does not empower the government representative to conduct interviews. Thus an employee has the same rights with respect to the interview as discussed above. If the government representative wishes to proceed with or schedule interviews, contact the Company's Chief Legal Officer, who will negotiate an arrangement regarding interviews.
- Talk to the Company's Chief Legal Officer about sending employees home.
- Before any documents are removed, an employee should contact the Company's Chief Legal Officer so that arrangements can be agreed upon to record copies of everything that is seized.
- Obtain an inventory or receipt for all items seized.
- Request copies of all photographs taken.

Safety and Health

Personal injuries and illnesses arising out of intoxication or substance abuse at work result in poor morale, lost production, lost wages, medical expense, worker's compensation and disability expense, and the loss of enjoyment of life by employees. The Company is committed to providing and maintaining safe and healthful working conditions. The Company maintains an alcohol-, tobacco-, and drug-free workplace. An exception to this rule is the Company's allowance, on a limited basis, of the presence of reasonable and controlled consumption of alcohol at times when work is not being performed, such as during Company sponsored receptions or other events.

A successful safety and health program must be the joint responsibility of the Company and its employees. The Company is committed to providing working conditions that comply with all applicable laws, regulations, and standards affecting safety and health. All employees are required to know and observe the safety and health laws, regulations, and standards applicable to their particular jobs, areas, and equipment and to report to the Company anything that violates those laws, regulations, or standards or is unsafe or unhealthy.

VIOLATIONS OF THIS CODE

THIS CODE SETS FORTH GENERAL GUIDELINES ONLY AND MAY NOT INCLUDE ALL CIRCUMSTANCES THAT WOULD FALL WITHIN THE INTENT OF THE CODE AND THEREFORE BE CONSIDERED A VIOLATION THAT SHOULD BE REPORTED. EMPLOYEES SHOULD REPORT ALL SUSPECTED DISHONEST OR ILLEGAL ACTIVITIES WHETHER OR NOT THEY ARE SPECIFICALLY ADDRESSED IN THE CODE.

Determinations regarding whether a violation of this Code has occurred will be made as follows:

- If the alleged violation under consideration concerns an Executive Officer or Board Member, the determination of the existence of any violation will be made by the Nominating and Corporate Governance Committee in consultation with the Chief Legal Officer.
- If the situation under consideration concerns any other employee, the determination of the existence of a violation will be made by the Company's Chief Legal Officer or Chief Compliance Officer.
- Whoever makes the decision as to whether a violation has occurred will document the decision and forward the documentation to the Company's Chief Legal Officer for filing and retention.

- In determining whether a violation of this Code has occurred, the committee or person making such determination may take into account the extent to which the violations were intentional; the qualitative and quantitative materiality of such violation from the perspective of either the detriment to the Company or the benefit to the Board Member, Executive Officer, or employee; the policy behind the provision violated; and any other appropriate facts and circumstances.
- Acts or omissions determined to be material violations of this Code by other than the Nominating and Corporate Governance Committee under the process set forth above will be reported by the Company's Chief Legal Officer to the Nominating and Corporate Governance Committee and by the Nominating and Corporate Governance Committee to the Board.
- In the event an employee is found to have violated this Code or failed to comply with laws (including laws governing Medicare fraud, waste, and abuse) or the Company's policies and procedures, actions by the Company in response may include, but are not limited to, a written warning, a corrective action plan, ineligibility for transfer or bonus, and other disciplinary action, up to and including termination of employment. In the event that violations of law are found, referrals may also be made to the appropriate authorities.

REQUESTS FOR WAIVERS

A waiver of a provision of this Code may be requested whenever there is a reasonable likelihood that a contemplated action will violate the Code. Waivers will not be granted except under extraordinary circumstances.

If the request under consideration relates to an Executive Officer or Board Member, the determination with respect to the waiver will be made by the Nominating and Corporate Governance Committee, in consultation with the Company's Chief Legal Officer, and submitted to the Board for ratification.

If the request under consideration relates to any other employee, the determination will be made by the Company's Chief Legal Officer unless such request is quantitatively or qualitatively material, in which case such determination will be made by the Nominating and Corporate Governance Committee.

The decision with respect to the waiver requested will be documented and forwarded to the Company's Chief Legal Officer for filing and retention.

All waivers of this Code (other than those approved by the Nominating and Corporate Governance Committee) will be promptly reported by the Company's Legal Officer to the Nominating and Corporate Governance Committee.

To the extent determined to be required or appropriate by the Company's Board of Directors in consultation with the Chief Legal Officer, waivers will be publicly disclosed on a timely basis.