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Policy: Conflict of Interest & Gift Policy

Original Effective Date: 01/20/2010

Revision/Review Date:

**PURPOSE**

The Local Hospital Association and its affiliated companies (Local Hospital) adopts this policy for the purpose of identifying and ethically resolving conflicts of interest on the part of individual employees and individuals or entities affiliated with them and to establish guiding principles regarding offering or receiving anything of value, “gifts”.

Identification and resolution of conflicts of interest which may exist on the part of an employee of Local Hospital is the responsibility of all employees of Local Hospital. Members of the Board of Directors, Corporate Officers, members of committees and subcommittees with board-delegated powers, and key employees are governed under the Conflict of Interest Policy of the Board. The Code of Conduct of The Local Hospital Association also addresses Conflicts of Interest and nothing in this policy is meant to supersede the Code of Conduct or any laws, rules, regulations, or requirements of standards promulgated by the Joint Commission, the Internal Revenue Code and Treasury Regulations governing tax-exempt organizations, requirements placed upon providers by Medicare and Medicaid program regulations, and state law applicable to nonprofit corporations. This policy is adopted to meet these requirements, and as a matter of ethics and sound management practice. This policy is designed to aide in the implementation and enforcement of those laws, rules, regulations, standards and requirements.

**STATEMENTS OF POLICY AND RELATED PROCEDURES**

A. **Conflicts of Interest**:

A conflict of interest exists whenever an Employee (or a member of his or her Immediate Family) has a personal interest in any entity or matter that may influence a decision or cloud that Employee's judgment in the discharge of his or her responsibilities to Local Hospital. It is the duty of every Employee to avoid situations from which he or she (or an Immediate Family member) might benefit personally, directly or indirectly, or that give the perception that the Employee (or an Immediate Family member) is benefiting personally, from business decisions, use of Local Hospital facilities or from relationships with Local Hospital patients, vendors, or contacts.

If a business opportunity relating to the Local Hospital's business becomes available to or is made known to an Employee, it must first be made available to the Local Hospital before being acted upon by that Employee, or by his or her Immediate Family. If an Employee wishes to use knowledge or licensure gained or maintained while in the employ of Local Hospital in pursuit of a business opportunity outside of their employment with Local Hospital, such positions or business ventures must be disclosed and approved by senior management of Local Hospital. At no time shall HIPAA or patient confidentiality be compromised by an Employee, and an Employee shall not claim to represent Local Hospital while operating in a venture or position outside of their employment.

Employees are encouraged to present at continuing education events of their field. However, if the Employee is compensated for such presentations, such presentations must be prepared and delivered on the Employee’s personal time. Staff should be cautious of releasing confidential or proprietary information in any presentations, and should discuss any concerns with their supervisor or administrative council member.

Example: An Employee is paid $1,000 to give a 90 minute presentation at their professional society’s annual continuing professional education class. The employee’s time preparing and delivering the presentation should been on the employee’s personal time.

**Transactions with Insiders**: The Local Hospital from time to time may purchase or lease real or personal property or goods or services from an Employee, a member of an Employee's Immediate Family, or from business entities in which an Employee or in which a member of that Employee's Immediate Family is an officer, director and/or controlling shareholder. It is the policy of Local Hospital that any transaction involving insiders, also known as related party transactions, must be conducted at arm's length and that any consideration paid or received by the Local Hospital in connection with such a transaction shall be on terms no less favorable than terms available to an unaffiliated third party under the same or similar circumstances.

Employees are prohibited from purchasing goods or services, or entering Local Hospital into business relationships with companies in which the Employee has a substantial interest as an owner, director, officer, or partner, or to companies in which a member of his or her Immediate Family has such an interest. Such business relationships must be directed to another employee or officer who is free of such conflicts.

Employees should avoid any relationship that would cause a conflict of interest with their duties and responsibilities at the Local Hospital. Employees are expected to disclose any situations that may involve inappropriate or improper conflicts of interests affecting them personally or affecting other employees or those with whom the Local Hospital does business.

B. **Compensation and Gifts**:

Local Hospital prohibits any Employee of Local Hospital from offering or receiving anything of value where the item of value is offered with the intent of influencing the Employee or a business transaction. Gifts or awards given in recognition of an Employee's service or accomplishment in civic, charitable, educational, or religious organizations are not prohibited. Generally, there is no violation of ethics if acceptance of a gift or benefit is based on a familial or personal relationship, which exists independent of any business with the Local Hospital or if the gift or benefit is made available to the general public under the same conditions on which it is made available to an Employee.

* 1. **General Prohibitions:** Except as provided below, Employees are prohibited from soliciting or receiving anything of value in any amount in connection with the business of Local Hospital, including but not limited to money, goods, or services. This prohibition applies whether such was obtained as a gratuity/gift or as a "quid pro quo" exchange (something received or given as a reward for preferential action or service rendered by an Employee). Additionally, this prohibition includes receiving compensation of any kind from any source for rendering services of a type that are performed or offered by Local Hospital.

An Employee may not do indirectly what he or she is prohibited from doing directly; for example, arrange to have a prohibited gift made to a member of his or her Immediate Family. Similarly, an Employee may not give gifts, meals, or entertainment (including a quid pro quo exchange) which are intended to influence, or that might give the appearance of influencing, another Employee or a business contact in a business decision. Any action by an Employee perceived to compromise another's judgment is prohibited.  
  
Example: An Employee may not solicit any sort of personal compensation in return for purchasing goods or services from a vendor.  
  
Example: An Employee who is in a position, whether directly or indirectly, to sell goods or services to Local Hospital may not give gifts to the department responsible for making such purchasing decisions.

* 1. **Permissible Gifts:** Any Employee may accept anything of value from vendors or suppliers, but only if it:
     1. Is valued at $100 or less
     2. Is not intended to influence any decision by the Employee
     3. Is unsolicited
     4. Is infrequent
     5. Is not a quid pro quo.

Notwithstanding the foregoing, under no circumstances shall any employee accept money as a gift from any vendor.  
  
Examples of Permissible Gifts: Gifts which are likely to meet these guidelines are: advertising or promotional materials such as tickets to entertainment events, pens, pencils, key rings, calendars and similar items valued at $100 or less.  
  
Additionally, an Employee may accept gifts from individuals who have both a personal relationship with that Employee and a business relationship with the Local Hospital, for such commonly recognized events or occasions as a promotion, wedding, retirement, or religious observance, if valued at $100 or less.

If an Employee is offered or receives something of value in excess of the above-stated amounts which he or she believes may be impermissible under this policy, that Employee must disclose the matter to the Human Resources Department, their Administrative Council Member, or the Compliance Officer and seek a determination that the item of value may be accepted or must be returned. The reviewer will give due consideration to the criteria for permissible gifts and whether receipt poses a threat to the integrity of the Local Hospital.

**Business Gratuities:** Payments for travel, lodging, meals and entertainment are normally permissible if they (i) are reasonable in amount; (ii) are expended in the course of a legitimate business meeting or an event intended to foster better business relations; (iii) would be paid by Local Hospital as a business expense if not paid for by the outside source; and (iv) are unsolicited.  
  
If an Employee is offered payments of the type which he or she believes may be impermissible, that Employee must disclose the matter to the Human Resources Department, their Administrative Council Member, or the Compliance Officer and seek a determination that the offer may be accepted or must be rejected. The reviewer will give due consideration to the criteria for permissible payments and whether receipt poses a threat to the integrity of the Local Hospital.  
  
Example: Activities with existing or potential vendors that are paid for by them (including meals, sporting events and other entertainment, as well as trips to vendor sites, exhibits and other activities) may be accepted only if the activity is a customary, accepted and lawful business practice and is of sufficiently limited value that no possible inference can be drawn that participating in the activity could influence you in the performance of your duties for the Local Hospital.

* 1. **Accepting Gifts From Patients**: At no time should an Employee of Local Hospital accept anything of material value from a patient or a patient’s family. Acceptance of monetary gifts is highly unethical and illegal. Gifts that are clearly inconsequential, such as holiday fruit basket or box of candy, may be accepted on behalf of the staff of Local Hospital. Any monetary or charitable gifts a patient or a patient’s family may wish to give should be given directly to the Local Hospital Health Foundation. If Employees are offered gifts from a patient they may suggest that the patient or family give such gifts directly to the Foundation. This does not apply if acceptance of a gift or benefit is based on a familial or personal relationship, which exists independent of any business with the Local Hospital.
  2. **Free Services:** Any services or supplies rendered to patients without charge must be approved by the Administrative Council and the Compliance Committee of Local Hospital to ensure that such services do not violate the laws governing patient inducements.