

General Information

Policy Name:	Conflict of Interest
Category:	Risk Management – Corporate Compliance
Applies To:	Hospital’s Board of Directors, officers and key employees (“Covered Persons”). Key employees shall include, but are not limited to, those employees falling within the definition of “key employee” as set forth in applicable IRS instructions.
Key Words:	Gifts, Gratuities, Honoraria, Financial
Associated Forms & Policies:	<u>Conflict of Interest Disclosure Form (Doc. #538)</u>
Original Effective Date:	04/01/10
Review Dates:	03/25/22, 04/04/23, 05/07/24
Revision Dates:	08/01/11, 02/01/13, 08/18/14, 12/18/15, 04/04/16, 05/21/18, 04/06/20
This Version’s Effective Date:	04/06/20

Policy

Consistent with the Hospital’s Code of Conduct, the Hospital Bylaws and this policy, Covered Persons, as defined below, owe a duty of undivided and unqualified loyalty to the Hospital. Covered Persons may not use their positions to profit personally or to assist others in profiting in any way at the expense of the Hospital. All Covered Persons are expected to regulate their activities so as to avoid actual impropriety and/or the appearance of impropriety which might arise from the influence of those activities on business decisions of the Hospital, or from disclosure or private use of the Hospital’s business affairs or plans.

The purpose of this policy is to enable Covered Persons to identify, understand, manage and appropriately disclose actual, potential or perceived conflicts of interest. Covered Persons have an affirmative obligation at all times to report any changes to responses that may result from changes in circumstance before the next annual disclosure date is due.

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Procedure

I. General Requirements

- A. The Hospital recognizes that the potential for conflicts of interest exists in the decision-making process in both subtle and obvious circumstances. Such conflicts may exist for decision makers at all organizational levels. All Covered Persons are expected to recognize situations where conflicts may occur including, but not limited to, deriving unethical personal and/or financial benefit from the exercise of one's authority. All Covered Persons shall fully disclose any potential or actual conflict of interest he or she may have.
- B. As further defined in this policy, a conflict of interest may arise when a Covered Person, who is in a position of authority within the Hospital, may benefit personally, directly or indirectly, from a decision he or she could make. Examples of such conflicts include any direct personal or financial interest or outside activity that may interfere with the execution of a Covered Person's professional Hospital responsibilities or duties, or activities which may jeopardize the Hospital's tax-exempt status.
- C. Covered Persons have a responsibility to obtain clarification from their supervisors, board chair, Compliance Officer ("CO") or hospital legal counsel on any doubt or concern that may arise as to whether specific conduct or activities constitute a conflict of interest.

II. Outside Financial Interests

While not all inclusive, the following serves as a guide to the types of activities by a Covered Person, or family member of a Covered Person, which might cause conflicts of interest:

- A. Ownership in or employment by, or engagement in another business relationship with any outside concern which does business with the Hospital. This does not apply to stock or other investments held in a publicly held corporation, provided the value of the stock or other investments does not exceed 5% of the corporation's stock. The Hospital may, following a review of the relevant facts, permit ownership interests which exceed this amount if Hospital management concludes ownership interests will not adversely impact the Hospital's business interest or the judgment of the Covered Person.
- B. Use of a Covered Person's position at the Hospital to obtain favorable treatment when conducting any business not on behalf of the Hospital, with any vendor, supplier, contractor, or agency, or any of their officers or employees.
- C. Representation of the Hospital by a Covered Person in any transaction in which he or she or a family member has a substantial personal interest.
- D. Disclosure or use of confidential, special or inside information of or about the Hospital, particularly for personal profit or advantage of the Covered Person or his/her family members.
- E. Competition with the Hospital by a Covered Person, directly or indirectly, in the purchase, sale or ownership of property or property rights or interests, or business investment opportunities.
- F. Involvement in the management or oversight of a business or charity (even without compensation), whether or not competitive to the Hospital, which divides the Covered Person's loyalty to the Hospital.

III. Gifts and Gratuities

- A. Gifts influencing decision-making: Covered Persons will not accept gifts, favors, services, entertainment or other things of value to the extent that decision-making or actions affecting the Hospital might be influenced. Similarly, the offer or giving of money, services or other things of value with the expectation of influencing the judgment or decision-making process of any purchaser, supplier, customer, government official or other person by the Hospital is absolutely prohibited. Any such conduct must be reported immediately to the Covered Person's supervisor

and/or CO.

- B. Gifts from Vendors: Covered Persons may not accept personal gifts from vendors which have more than a nominal value (\$30.00) without approval of the appropriate supervisor or CO, nor may they solicit personal gifts from vendors, suppliers, contractors or other persons. To the extent possible, these gifts should be shared with the Covered Person's co-workers.

IV. Business Inducements

- A. Covered Persons will not seek to gain any advantage through the improper use of payments, business courtesies or other inducements. Offering, giving, soliciting or receiving any form of bribe, kickback or other improper payment is prohibited.
- B. Appropriate commissions, rebates, discounts and allowances are customary and acceptable business practices provided that they are approved by the Hospital's Chief Financial Officer and that they do not constitute illegal or unethical payments. Any such payments must be reasonable in value, competitively justified, properly documented, and made to the business entity to which the original agreement or invoice was made or issued. Such payments should not be made to individual employees or agents of business entities.

V. Services for Competitors/Vendors

- No Covered Person will perform work or render services for any competitor of the Hospital or for any organization with which the Hospital does business or which seeks to do business with the Hospital outside of the normal course of his/her employment with the Hospital without the approval of the President of the Hospital or the Covered Person's supervisor. Without such approval, no Covered Person shall be a director, officer or consultant of such an organization, nor permit his/her name to be used in any fashion that would tend to indicate a business connection with such organization.

VI. Participation on Boards of Directors

- A. A Covered Person must obtain approval from his/her supervisor or, if a Director, from the Chairperson of the Board of Directors, prior to serving as a member of the Board of Directors/Trustees of any organization whose interest may conflict with those of the Hospital.
- B. A Covered Person who is asked, or seeks to serve on the Board of Directors/Trustees of any organization whose interest would not impact the Hospital (for example, civic [non-governmental], charitable, fraternal, and so forth) will not be required to obtain such approval.
- C. A Covered Person must disclose all Board of Directors/Trustees activities in the annual Conflicts of Interest Disclosure Form. Questions regarding whether or not Board participation might present a conflict of interest should be discussed with a Covered Person's supervisor or, if a Director, with the Chairperson of the Board of Directors.

VII. Honoraria

- Covered Persons are encouraged to participate as faculty and speakers at educational programs and functions consistent with such Covered Person's Hospital duties and responsibilities. Honoraria provided to Covered Persons shall be consistent with this Conflicts of Interest Policy. Any honoraria received by Covered Persons for participation in programs during paid Hospital work time may be required to be turned over to the Hospital subject to review of the CO and/or the Covered Person's supervisor or manager.

VIII. Acknowledgement, Disclosure and Reporting Procedures

- A. Each Covered Person shall review this policy and the Conflict of Interest Disclosure Form (Doc. #538) upon orientation to his or her position.

- B. At least annually thereafter, each Covered Person shall review this policy and any amendments thereto, and must submit to his/her supervisor or administrator a completed Conflict of Interest Disclosure Form. The form will be dispensed in February, the results will be analyzed in March, and the final results will be reported in April.
- C. The Covered Person's supervisor or administrator or, in the case of Directors, the Board Chairperson, shall review the Covered Person's completed Conflicts of Interest Disclosure Form and shall determine if further action is required.
- D. Each Covered Person shall at all times have an affirmative obligation to report any changes in his or her responses to the Conflicts of Interest Disclosure Form that may results from changes in circumstances prior to the Covered Person's next annual disclosure due date.

IX. Management of Conflicts of Interest

- In the case of pending transactions, once a conflict of interest has been identified, if the transaction in question is to be considered and/or approved by the Board of Directors, the procedure set forth in the Conflicts of Interest Policy referred to in the Hospital Bylaws shall be followed. In all other cases, the CO, with input from the appropriate supervisor or manager, shall first determine whether the Hospital may enter into a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. If it is determined that a more advantageous transaction or arrangement may not be possible, the CO shall then assess whether the transaction or arrangement is in the Hospitals' best interest and for its own benefit and whether it is fair and reasonable to the Hospital. He/she shall then advise the appropriate authorized Hospital administrator/manager of this assessment for purposes of determining whether to enter into the proposed transaction. A written record of this process, including the determinations made, shall be maintained in the appropriate files of the Hospital.

References

<https://www.irs.gov/publications/p15b>

Definitions

Covered persons – Any Crouse employee who has the capacity to make business decisions for the organization. This generally falls to the Board of Directors, Senior Leadership, Directors, Managers and Supervisors.

Key employee - Officers of the company with gross compensation in excess of \$180,000 (IRS definition)

Addendums, Diagrams & Illustrations

Not Applicable