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I. POLICY

The purpose of the conflict of interest policy is to protect Abington - Jefferson Health’s (“AJH”) interests when (a) it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, trustee, or key employee of AJH or an individual with influence over AJH or a segment of AJH or its affiliates, Abington Hospital (AH), Abington - Lansdale Hospital (ALH), and Abington Health Foundation (AHF), such as Medical Staff leadership of AH or ALH, or that could potentially result in an Excess Benefit Transaction;¹ or (b) an arrangement or relationship may economically harm or damage the reputation or disadvantage the organization. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations. For purposes of this Policy, AJH includes AH, ALH and AHF.

In addition, AJH and all management employees, trustees, officers, Medical Staff leaders, other persons engaged in the management of AJH, or any nominee or applicant for such position and entities conducting business with AJH (each, an “Interested Person”), recognize that they have fiduciary obligations to AJH. Fiduciary obligations involve duties of loyalty, honesty, candor and good faith imposed by law. Therefore, it is incumbent upon each person covered by this Conflict of Interest Policy and Procedures (“Policy”) to:

1. Act in the course of his/her duties solely in the best interests of AJH without consideration of his/her own personal interests or the interests of any other entity of any kind with which he/she is associated, and to refrain from taking part in any transaction where such person does not believe in good faith that he/she can act with undivided loyalty to AJH;
2. Disclose any Financial Interest as defined in Definitions of this Policy using the process described in this Policy;
3. Disclose any transaction with AJH, or which involves any AJH hospital, that would result in any benefit to the Interested Person, his/her immediate family member, or which involves his/her Financial Interest as defined in this Policy, and refrain from participation in any action on such matters, except upon approval of the Board after full and frank disclosure;

¹ An “excess benefit transaction” is a transaction in which an economic benefit is provided by the AJH, directly or indirectly, to or for the use of an Interested Person (defined below), and the value of the economic benefit provided by the AJH exceeds the value of the consideration received by the AJH.

4. Disclose any opportunity which is within the scope of the activities of AJH or that he/she reasonably believes would be of interest to AJH and refrain from exploiting such opportunity except upon written approval of AJH after full and frank disclosure; and
5. Refrain from using any information not generally known outside AJH concerning the business activities of AJH for his/her benefit, his/her immediate family members, or which involves his/her Financial Interest as defined in this Policy.

The foregoing tenets apply to actual conflicts of interest as well as potential conflicts of interest and those where there could be a perception of a conflict.

II. DEFINITIONS

1. **Interested Person** – all persons who, during the fiscal year, were (a) key employees (Department Director and above and any other employee who receives reportable compensation from AJH and any of its affiliates, in the aggregate, in excess of \$150,000.00 for the calendar year ending within the fiscal year); (b) Trustees; (c) officers; (d) Medical Staff leaders (e.g., Department Chairs, Division Chiefs, officers of the Medical Staff, and elected members of the Executive Committee of the Medical Staff); (e) persons engaged in the management of AJH or any significant segment of AJH; (f) persons who are in a position to direct or influence decisions regarding the choice of a vendor or contractor of AJH; and, (g) any nominee or applicant for any of the foregoing positions. Interested Person also includes all persons who, in any one or more of the five immediately preceding fiscal years, served as an officer, Trustee, or Key Employee of AJH, and, in AJH's current fiscal year, such person received reportable compensation in excess of \$150,000.00.
2. **Financial Interest** – An Interested Person has a Financial Interest if the person, and/or an immediate family member² of the person, has, directly or indirectly, through an entity or line of entities, one of which they have an ownership interest in or compensation relationship with or otherwise through a business, investment or family:
 - a. an ownership or investment interest in any entity of any kind with which AJH has a transaction or arrangement, unless the interest is in a company traded on a public exchange and the ownership interest is less than five percent (5%), or

² "Immediate family member" means spouse; natural or adoptive children, grandchildren, and great grandchildren and their spouses; ancestors; and siblings (by whole or half blood) and their spouses. 26 C.F.R. §53.4958-3(b)(1).

- b. with the exception of a bona fide employment arrangement with AJH, a compensation or other arrangement with AJH or with any entity or individual with which AJH has a transaction or arrangement exceeding five thousand dollars (\$5,000) annually, not including gifts, gratuities, and other favors, or
 - c. an actual or a potential ownership or investment interest in, or compensation or other arrangement with, any entity or individual with which AJH is negotiating a transaction or arrangement, or
 - d. an actual or a potential ownership or investment interest in, or material compensation arrangement with, or being involved with the governance or management of any entity that competes with AJH or a program of AJH other than entities that are affiliated with AJH, or
 - e. receipt of a gift, gratuity, or favor in excess of the value set forth in AJH Code of Conduct from any person or entity described in subparagraphs (a), (b), (c) or (d) above, or
 - f. been gratuitously provided use of AJH's facilities, property or services, or
 - g. any other situations or transactions that may benefit or appear to benefit the Interested Person.
3. **Conflict of Interest.** A Conflict of Interest may, but does not necessarily, exist if (a) an Interested Person or a member of an Interested Person's immediate family has a Financial Interest, (b) an Interested Person or a member of an Interested Person's immediate family may benefit, financially or otherwise, from a transaction or arrangement with AJH, or (c) an Interested Person or a member of an Interested Person's immediate family may be in a position to utilize information obtained through his/her relationship with AJH for a personal gain or to benefit an entity with which they or a Family Member has a Financial Interest.
4. **Key Employee.** A Key Employee means an employee who (a) received \$150,000.00 or more in reportable compensation from the organization during the most recent calendar year; or, (b) has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors, or trustees; **or**, (c) manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or, (d) has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.

III. PROCEDURE

1. **Duty to Disclose.** An Interested Person must disclose the existence of any Financial Interest or other arrangement that may give rise or have the appearance of giving rise to a potential Conflict of Interest and be given the opportunity to disclose all material facts to the Audit, Risk and Compliance Committee of the Board of Trustees of Thomas Jefferson University or a subcommittee thereof or to the Board of Trustees of AJH (the “Committee”). All voting members of the Committee must be Independent Trustees. An Independent Trustee is a Trustee who answers “no” to each of questions 1(a), (b), and (c) of the Conflict of Interest Policy Certification attached to this Policy as Attachment A. The Board of Trustees of Thomas Jefferson University has delegated responsibility for review of potential Conflicts of Interest to the Committee. Disclosure will be accomplished as follows:

- a. Each Interested Person is required to complete a Conflict of Interest Certification upon initially becoming an Interested Person, and thereafter, on an annual basis. The Conflict of Interest Certification is attached as Attachment A. The Conflict of Interest Certification will affirm that such person:
 - i. Has received a copy of this Policy,
 - ii. Has read and understands this Policy,
 - iii. Has agreed to comply with this Policy, and
 - iv. Understands that AJH is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

If the person responding is a voting member of the Board, the Conflict of Interest Certification will request information that will enable AJH to determine whether the person is an “independent” Trustee for Internal Revenue Service (IRS) reporting purposes. The Certification will also request information necessary for AJH to determine whether, for IRS purposes, a reportable business relationship exists between any of AJH’s officers, trustees, or key employees.

- b. Additionally, if the Interested Person becomes aware of any Financial Interest or other transaction that may create a Conflict of Interest or, in his/her reasonable judgment may present the appearance of a Conflict of Interest, since the last Conflict of Interest Certification has been signed, the Interested Person is required to promptly report this to the Committee on a Conflict of Interest Certification Form.
- c. The Committee shall review any disclosures of Conflicts of Interest or potential or perceived Conflicts of Interest in accordance with the Bylaws and Section 2 below.

- d. The Committee shall opine on their review of Conflict of Interest Certification form and advise the Compliance Officer.
- e. The Compliance Officer shall report findings and recommendations to the certifying person with a copy to members of senior management and the Chair of the Committee or his/her designee.

2. Procedures for Addressing the Conflict of Interest

- a. An Interested Person may attend a Committee meeting for the sole purpose of advising the Committee's membership of all material facts pertinent to their review of the potential Conflict of Interest. After disclosure of the potential Conflict of Interest and all material facts, and after any discussion with the Committee, the Interested Person shall leave the Committee meeting while the potential Conflict of Interest is discussed and voted upon. The remaining Committee members shall decide if a Conflict of Interest exists.
 - i. If any member of the Committee has a conflict with respect to review of the Certification of any other individual, or if the Committee is reviewing the Certification of a Committee member, then the affected Committee member shall recuse him/herself from any discussion of that Certification.
- b. The Chair of the Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Committee shall determine whether AJH can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the Committee shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in AJH's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- e. If a Medical Staff leader has Financial Interest described in Section II.2.d above, then that Medical Staff leader will no longer be eligible for such leadership position and shall resign or, if newly elected or appointed, decline such position.

3. Violations of the Conflicts of Interest Policy

- a. If the Committee has reasonable cause to believe that an Interested Person has failed to disclose actual or potential Conflicts of Interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Committee determines the Interested Person has failed to disclose an actual or potential Conflict of Interest, it shall take appropriate disciplinary and corrective action, up to and including recommending removal/termination of the Interested Person to the Board of Trustees.

4. Records of Proceedings. The minutes of the Committee shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a Conflict of Interest, the nature of the possible Conflict of Interest, any action taken to determine whether a Conflict of Interest was present, and the Committee's decision as to whether a Conflict of Interest in fact existed and any actions taken with respect to that Conflict of Interest.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

5. Compensation

- a. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from AJH for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from AJH for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board of Trustees or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from AJH, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- d. Physicians who receive compensation from AJH, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

6. **Periodic Reviews.** To ensure AJH operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management organizations conform to AJH's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private inurement, impermissible private benefit or in an excess benefit transaction. Reviews relative to potential private inurement, private benefit or excess benefit transactions shall be conducted in consultation with legal counsel.

7. **Use of Outside Experts.** When conducting the periodic reviews as provided for in Paragraph 6, AJH may use and rely upon outside advisors. If AJH uses outside advisors, their use shall not relieve AJH of its responsibility for ensuring periodic reviews are conducted.