



Policy: Conflicts of Interest	Manual: Corporate Compliance
Function: Leadership	Policy Number: 102
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Author(s): Corporate Compliance Officer and Corporate Director of Internal Audit and Compliance	Distribution: System-wide

SCOPE

This policy applies to associates of Kennedy Health System, Inc. and any of its subsidiary entities (e.g. Kennedy University Hospital, Inc., STAT Medical Transport, Inc., Kennedy Property Corp., Professional Medical Management, Inc., Kennedy Health Facilities, Inc., Kennedy Medical Group Practice, P.C. (Kennedy Health Alliance) and Kennedy Health Care Foundation, Inc., as well contractors and agents of KH). Kennedy Health System, Inc. and its subsidiary entities are referred to herein as Kennedy Health (KH).

PURPOSE

The purpose of this policy is to provide guidelines for identifying and disclosing conflict of interests.

BACKGROUND

KHS is a not-for-profit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. The officers and management associates have the responsibility of administering the affairs of KH honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of KH. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with KH or knowledge gained by working for KH for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

DEFINITIONS

Conflict of Interest: Any situation which places an associate in a position to use his or her contacts or position in KH to advance his or her private business, financial or personal interests or the private business, financial or personal interests of family members. Generally, either a conflict or potential conflict exists when the actions or activities of an associate, on behalf of his or her employer, also include some element of, or potential for:

- (1) Personal gain or advantage of the associate or members of the associate's family,
- (2) An undisclosed adverse effect on KH's interest, or
- (3) Improper gain or advantage to a third party.

Family Member: A family member includes an individual's spouse, domestic or civil union partner, parent, grandparent, children, grandchildren, sibling, stepparent, stepchildren, stepbrother, stepsister, father-in-law, mother-in-law, and the spouses of children, grandchildren, great grandchildren, and sibling(s) of a KH associate.

Financial Interest: An associate has a Financial Interest if the associate, directly or indirectly through business, investment or family has;

- (a) a ownership or investment interest in any entity KH does business with except for companies on a regional or national exchange,
- (b) a compensation arrangement with an individual or entity with which KH does business (compensation includes direct and indirect payment), or
- (c) a compensation arrangement with a potential ownership or investment interest in any entity or individual with which KH is negotiating an arrangement.

Gift: A gift includes gratuities, favors, discounts, travel and entertainment, forbearance, loans, compensation, fees for services and other items having monetary value.

Key Associate: Key Associates include KH leadership at the director level and above, medical staff who are members of the Medical Executive Board or the Pharmacy and Therapeutics Committee, members of the Quality and Safety Committee or other associates with responsibilities requiring personal and substantial participation in: (1) Contracting and procurement, (2) Administering or monitoring grants, subsidies, licenses, or other federal benefits, (3) Regulatory or auditing, or (4) Activities where the final decision or action will have a direct and substantial economic effect on KH's interest. Nothing in this policy prohibits management from defining "key associates" to include more members of their staff than listed in the definition below.

Outside Activity: Any paid activity such as, but not necessarily limited to, consulting, advising, testing or performing analyses or examinations, the practice of one's profession, or similar work performed in addition to the official responsibilities of a Key Associate. Volunteer activities of Key Associates which might cause a conflict of interest are included here.

POLICY

KH associates are obligated to conduct KH's business in an honest and ethical manner; this includes the ethical handling of actual, apparent and potential conflicts of interest between personal and business relationships. This also includes full disclosure before pursuing or obtaining any actual, apparent or potential conflicts of interest as set forth below.

A. Duty To Disclose

Whether a conflict of interest exists will depend upon the circumstances of each case. It is the responsibility of KH associates to declare situations of actual or potential conflict of interest as soon as a situation arises, or within 30 days. All declaration should be made in writing on the Conflict of Interest Disclosure Attestation Form. The Conflict of Interest Disclosure and Attestation Form is located at <https://www.surveymonkey.com/r/KennedyHealth2017ConflictofInterestQuestionnaireandAttestation>.

1. ***Duty to provide initial disclosure:*** New Key Associates are required to sign a Conflict of Interest Attestation Disclosure Form at the time of appointment or hire.
2. ***Duty to update disclosure:*** KH Key Associates shall promptly advise (within 30 days of learning of any potential conflict) the Compliance Officer of any changes to the information provided in the Key Associate's last completed Conflict of Interest Disclosure Attestation Form and of any potential conflict of interest may arise. If the Key Associate is not certain whether the matter poses a potential conflict of interest, he/she should discuss this matter with the Compliance Officer.
3. ***Duty to provide annual disclosure:*** KH Key Associates are required to complete the KH Conflict of Interest Questionnaire or other provided KH Conflict of Interest Questionnaire, review the KH Conflict of Interest Policy 102 and complete and submit the Conflict of Interest Disclosure Attestation Form annually. The Compliance Department will monitor compliance of this process.
4. ***Duty to provide final disclosure at separation of employment:*** KH Key Associates, upon written notice of resignation, shall be required to provide a final conflict of interest disclosure prior to separating from KH.

B. Conflict of Interest Exist

Transactions with parties with whom a conflict of interest exists may be granted if the following are observed, as appropriate: The conflict of interest is fully disclosed; the associate with the conflict of interest is excluded from the discussion and approval of such transaction; a competitive bid or comparative valuation exists; and where the Compliance Officer has determined the transaction is in the best interest of KH.

The disclosure of a conflict of interest does not imply inappropriate behavior. KH associates who fail to disclose conflicts of interest and/or fail to avoid any direct or indirect influence in accordance with this policy shall be disciplined up to and including termination of his or her employment or contract with KH.

PROCEDURE

A. KH Associate Responsibilities

1. Examine actions and activities in relation to outside interests and relationships to determine if there are reasonable grounds to conclude a potential conflict of interest may exist.
2. If a potential conflict of interest exists, complete a Conflict of Interest Disclosure Attestation Form (<https://www.surveymonkey.com/r/KennedyHealth2017ConflictofInterestQuestionnaireandAttestation>).
3. Submit the completed Conflict of Interest Disclosure Attestation Form to the Compliance Officer.
4. Refrain from any attempts to either directly or indirectly influence the decision-making process in which there exists a potential for a conflicts of interest.
5. Refrain from participating in any discussions leading to the approval or disapproval of the transaction creating the conflict, except to disclose material facts relating to the conflict.
6. Abstain from voting on the transaction creating the conflict or transmitting any other opinion, including not being present in the room when the vote is taken, unless the vote is by secret ballot.
7. Affirm, on an annual basis, compliance with this policy through the Corporate Compliance process.

B. Compliance Department Responsibility

1. The Compliance Officer shall review completed Conflict of Interest Disclosure Attestation Forms, subsequent updates and/or changes, and all annual disclosures for potential conflicts of interest.
2. The Compliance Officer shall determine if any action must be taken to prevent or manage the conflict of interest.
3. The Compliance Officer shall communicate the action required to the KH associate, if applicable, the associate's supervisor and other KH associates as deemed appropriate.
4. The Compliance Officer shall annually present a summary of reported conflict of interest to the CEO and Compliance and Audit Committee of the Board of Directors.
5. The Compliance Officer shall annually report to the CEO a listing of all gifts in excess of \$100, which have been received and reported by KH associates to the Compliance Officer.
6. The Compliance Officer shall retain the Conflict of Interest Disclosure Forms, in hard copy and electronic format, in accordance with KH's Record Retention Policy.

REFERENCES

- Internal Revenue Code 990 - Organizations Exempt from Income Tax
- OIG Special Advisory Bulletin on Gifts and Conflicts of Interest
- Anti-kickback Statute, 42 U.S.C. §1320A ff
- The Joint Commission Standards LD. 02.02.01 and 04.02.01
- Conflict of Interest and Disclosure and Attestation Form
<https://www.surveymonkey.com/r/KennedyHealth2017ConflictofInterestQuestionnaireandAttestation>

**Policy 102 – Conflicts of Interest
APPROVAL**

Compliance Committee

January 2016

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Appendix A
Conflicts of Interest Scenario

The following are examples of conflict of interest situations only and are not intended to be all inclusive.

Potential Conflict - Using KH privileged or confidential information for personal gain.

- An individual, upon learning of KH's plans to purchase neighboring residential properties for a parking garage, secretly purchases all or some of the property and holds it in the associate's name.
- An individual provides the names and addresses of parents of all newborns to another KH associate.
- A physician, upon becoming aware KH may face challenges in the future in meeting clinical demands in a specialized program, and as a result, advises another associate of which he is a director, to pursue the development of that program.

Potential Conflict - Influence, soliciting, including accepting or offering personal rewards to influence business transactions affecting KH.

- A director in the facilities department has a son who is employed by a construction company. The construction company is engaged by KH to provide construction services.
- A KH facilities manager accepts a significant discount/favor from KH's interior design contractor and the discount is not offered to all KH associates.

Potential Conflict - Requesting or accepting money, gifts, gratuities, loans or service for personal or family benefit.

- A KH buyer in a position to influence the purchase of goods or equipment accepts an offer from a competing supplier for free use of the supplier's condo in Cape May, New Jersey.
- A KH associate accepts an honorarium or consulting fee from a supplier that regularly conducts business with KH.

Potential Conflict - Conducting business on behalf of KH with a vendor in which the KH associate or family member has a personal or Financial Interest.

- A KH therapist refers patients seen at a KH facility to his/her private practice without disclosing the activity to his or her supervisor or the Compliance Officer.
- A manager has a significant Financial Interest in a small independent pharmaceutical company and he/she is a member of the Medical Executive Board for KH.

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Appendix A
Conflicts of Interest Scenario

- The spouse of a medical staff associate in the Surgery Department owns 25 percent of the stock of an entity providing surgical supplies to KH. The Surgery Department associate is responsible for identifying and engaging a surgical supply company and has voting rights on the Medical Executive Board.
- A KH associate recently began dating an employee of one of KH's major vendors. The associate has influence over vendor selection and performance reporting.

Potential Conflict - Using KH's time, associates, equipment, supplies, or other resources for other than KH approved activities, programs, and purposes.

- A physician provides consulting services to a medical device installer. The medical device installer is regularly engaged by that physician's department at KH.
- A medical coder associate engages in outside employment as a coding consultant to the extent the associate is receiving calls and emails at KH during the associate's scheduled work hours. The outside employment is causing workload problems and issues with the associate's quality of work.
- A clinical associate has a volunteer position on a board of directors of an organization that was selected for a partnership with KH. The physician is negotiating the partnership agreement on behalf of KH. Although the associate does not gain financially from the partnership, the associate owes duties of loyalty to both organizations and cannot be expected to act impartially.
- An associate operates a sales business with Avon from KH's properties and uses KH's logo envelopes, postage, telephone, copy machine and fax machines to meet with clients and conduct business during evenings and weekends.
- An associate removes supplies and/or equipment from KH for personal use at home and has a major injury while using the equipment.

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Appendix A
Conflicts of Interest Scenario

No Conflict of Interest

- A KH associate with responsibilities for supply chain solicits gifts for a KH golf tournament from suppliers who conduct business with KH and discloses all pertinent information to his/her immediate supervisor and advises the suppliers that the gift shall play no role in the award of future business.
- A KH officer is offered a modest stipend (\$300) for speaking services from a professional medical organization. The KH officer discloses the action to the Compliance Officer and request the professional medical organization donate the service fee to the Kennedy Health Care Foundation.
- A Medical Staff or clinical staff associate engages in a working lunch paid for by a pharmaceutical supplier where the purpose of the lunch was educational, held infrequently, a sign-in-sheet was retained, the pharmaceutical representative was present during the meeting and new drugs not previously discussed were presented.
- The director of clinical education for KH has a part-time job at Macy's that does not compete or interfere with his or her KH responsibilities.
- A KH vice president's wife is employed in another department at KH and is removed from any reporting relationship involving the vice president.
- A KH associate did not disclose to their supervisor or the Compliance Officer a recent investment interest in Google stock. Google is a publicly traded company and KH does not have a business relationship with Google.
- Pfizer stock is included in a mutual fund or IRA of KH associate. The KH associate does not exercise direct control and does not have a significant Financial Interest in Pfizer.