

<b>PEACEHEALTH SYSTEM</b>  All PeaceHealth Divisions, Networks, Communities, Facilities and Affiliated Organizations		Title: <b>Conflict of Interest Policy</b>		
		Dept: <b>Organizational Integrity (OI)</b>		
Effective: 12/16/2019	Next Review: 12/16/2022	Document #: ADM-0519	Version #: 8	Page # 1 of 7

**SCOPE:**

This Policy applies to all **Covered Persons** employed by or associated with PeaceHealth.

**PURPOSE:**

Unidentified or unmanaged Conflicts of Interest can lead to problematic and risky influences that can result in inappropriate decisions that can improperly benefit people or organizations and compromise the best interests of PeaceHealth and our patients. Additionally, improper Conflicts of Interest can breach the trust placed in PeaceHealth by those we serve. As a charitable organization, PeaceHealth recognizes that even the perception of a potential Conflict of Interest can damage both PeaceHealth’s and individual Caregivers’ reputations.

Unidentified or unmanaged Conflicts of Interest can heighten a variety of risks, including concerns under the Anti-Kickback Statute, the Stark Law, IRS tax-exempt requirements, nonprofit corporation law, and other civil, criminal and administrative provisions applicable to our work. Therefore, this Conflict of Interest policy is established to protect the integrity and sanctity of PeaceHealth’s decision making, to avoid decisions clouded by improper influence. This Policy aims to ensure that decisions at PeaceHealth are based only on the best interest of carrying on PeaceHealth’s mission and benefitting the patients whom we are called upon to serve.

**POLICY:**

To protect the sanctity of PeaceHealth’s decisions, all Covered Persons must avoid any perceived, apparent or actual Conflicts of Interest that could affect Covered Persons’ ability to make decisions based solely on the best interests of PeaceHealth and our patients. In carrying out duties to PeaceHealth, Covered Persons are required to put PeaceHealth’s and our patients’ interests before their own and others’ interests in compliance with PeaceHealth’s Core Values, this Policy, other internal policies, and applicable laws and regulations. PeaceHealth and all Covered Persons are required carry out this Policy by conforming to all the following specific standards and requirements.

**A. No Conflicts of Interest Without PeaceHealth’s Consent**

Covered Persons may not enter into or continue any Outside Relationships or Transactions that might reasonably create or appear to create a Conflict of Interest, except after full disclosure, evaluation, management, and the written consent of PeaceHealth’s Organizational Integrity Department (“Organizational Integrity”).

**B. Select Covered Persons Required to Complete Conflict of Interest Survey**

All Covered Persons are required to comply with this Policy. However, PeaceHealth recognizes that not all Covered Persons are in roles at PeaceHealth that are likely to influence

PeaceHealth's decisions. Therefore, to create an administratively efficient system for identifying Conflicts of Interest, and to avoid undue burdens, PeaceHealth's Policy requires that a subset of Covered Persons identified by Organizational Integrity (the "Surveyed Persons") complete a detailed annual Conflict of Interest Survey related to potential outside interests (the "COI Survey"). Organizational Integrity will provide the COI Survey all Surveyed Persons (i) within 90 days of when a person becomes employed by or associated with PeaceHealth, and (ii) annually afterwards.

### **C. Required Disclosures of Conflicts of Interest**

All Surveyed Persons are required to:

1. Disclose, through completion and signed certification of PeaceHealth's COI Survey, all circumstances arising at any time that could be a perceived, apparent, or actual Conflict of Interest under this Policy;
2. Be inclusive, complete, accurate, detailed, and truthful in disclosing actual or potential Conflicts of Interest and in responding to the questions in the COI Survey;
3. Update their responses to the COI Survey whenever there are any developments that would require disclosure under this Policy or changes to their previous responses;
4. Comply with Organizational Integrity's requests for the provision of all necessary information and documents related to Conflicts of Interest, including but not limited to communications, agreements, payments, IRS Forms 1099, and invoices.
5. Contact Organizational Integrity if they have any questions or concerns relating to Conflicts of Interest.

Any Covered Person (whether a Surveyed Person or not) who becomes aware that PeaceHealth is contemplating a Transaction with a person or entity with which a Covered Person has an Outside Relationship, must immediately disclose the Conflict of Interest to Organizational Integrity.

Because no Policy can address every potential Conflict of Interest, PeaceHealth expects Covered Persons to comply with the letter and spirit of this Policy and other related policies. If you are in doubt about whether any existing or proposed circumstances pose a perceived, apparent, or actual Conflict of Interest, you must disclose them.

### **D. Disclose Business Opportunities**

A Covered Person who learns of a Business Opportunity that reasonably may be of interest to PeaceHealth must first disclose the opportunity to Organizational Integrity. If PeaceHealth rejects the Business Opportunity in writing after disclosure and consideration, the person who learned of the Business Opportunity may take advantage of the opportunity for his or her own benefit, subject to the obligations set forth in this Policy. Organizational Integrity will document all decisions made in this regard.

### **E. Prohibition from Using PeaceHealth's Confidential Information or PeaceHealth Assets**

Consistent with PeaceHealth's Confidentiality, Security, and Privacy of PeaceHealth Information Policy, ADM-0518 Covered Persons may not use PeaceHealth Confidential Information, or any other proprietary or privileged information obtained in the course of a Covered Person's association with PeaceHealth, for personal gain or disclose such information to others who do not have a need to know in connection with their work with PeaceHealth.

Except as otherwise permitted in another policy or by Organizational Integrity in writing, PeaceHealth Facilities, intellectual property, proprietary and financial information, business addresses, information technology resources, and other PeaceHealth assets and resources may not be used to carry on any other private business.

#### **F. Persons with Conflicts of Interest Cannot Engage in Certain PeaceHealth Decisions or Discernment**

Unless otherwise approved by Organizational Integrity in writing, all Covered Persons (whether a Surveyed Person or Not) with a Conflict of Interest associated with an Outside Relationship must:

1. Refrain from becoming involved in any meetings, discussions, communications, or evaluations that relate in any way to a Covered Person's Outside Relationship.
2. Refrain from ordering, prescribing, or recommending products, medications, services, or equipment for PeaceHealth or patients from or through another organization with which the Covered Person has an Outside Relationship.
3. If a Covered Person becomes involved in a communication in which the Covered Person might have a Conflict of Interest, the Covered Person is required to disclose the Conflict of Interest and refrain from discussing the matter further.
4. Notify Organizational Integrity, so that the Conflict of Interest can be evaluated, and a Management Plan can be created if necessary.

#### **G. Compliance with Management Plans**

As a condition of continued employment, contractual, or other ongoing relationship with PeaceHealth, Covered Persons must comply with all Management Plans created by PeaceHealth in order to reduce or eliminate the risks associated with a Covered Person's Conflict of Interest. Management Plans may include (but are not limited to) requirements to:

- divest ownership interests relating to an Outside Relationship;
- discontinue employment or contractual relationships relating to an Outside Relationship;
- refrain from any self-dealing with respect to PeaceHealth;
- resign from any organizations or boards that create fiduciary or other duties that potentially conflict with PeaceHealth's interests; and
- refrain from participating in any PeaceHealth discussions or decisions relating to doing business with an organization with which a Covered Person has an Outside Relationship.

## **H. Board Members Must Comply with Additional Requirements**

Covered Persons who serve on the System Board, a Network/Community Board, a subsidiary Board, a committee with Board-delegated powers, or who are a voting Board Director of a hospital foundation (referred to collectively as "Board") and who have a Conflict of Interest must abide by the following requirements related to the Conflict of Interest:

1. They must make a full disclosure to Organizational Integrity of all material facts known to them about the Conflict of Interest and facts concerning the Transaction that might be relevant to PeaceHealth's deliberations or decision.
2. They must disclose any applicable Management Plan that has been implemented by Organizational Integrity.
3. They must leave the meeting while the remaining members of the Board discuss the Conflict of Interest and the Management Plan and vote upon whether additional management is appropriate. A Covered Person with a potential Conflict of Interest may be counted for purposes of a quorum, however, as long as they were present at the beginning of the meeting.
4. A Covered Person with a Conflict of Interest must, at a minimum, recuse himself or herself from the meeting during the discussion and any vote on the Transaction or arrangement.
5. Approval of the Transaction or arrangement requires a majority of non-interested members of the Board present to determine that: (i) The Transaction or arrangement is in PeaceHealth's best interest and for PeaceHealth's own benefit; (ii) the Transaction is fair and reasonable to PeaceHealth; and (iii) PeaceHealth cannot obtain a more advantageous Transaction or arrangement with reasonable efforts under the circumstances. If appropriate, the Board may appoint a non-interested person or committee to investigate alternatives.
6. The minutes of Board meetings in which a Transaction or arrangement involving a Conflict of Interest is addressed must include (i) Names of any Covered Persons who disclosed or otherwise were found to have an Outside Relationship or other Conflict of Interest; (ii) Names of those present for discussions and votes relating to the Transaction or arrangement, (iii) a summary of the Transaction; (iv) a summary of the Board's evaluation of alternatives to the Transaction; (v) the process by which the Transaction was approved or disapproved, addressing specifically the Board's determination of whether it would be in the best interest of PeaceHealth; and (vi) a record of the vote. The meeting minutes relating to the Conflict of Interest must be provided to Organizational Integrity.

### **VIOLATIONS OF THIS POLICY:**

Consequences of violating this Policy may include, but are not limited to, suspension or termination of employment or other role with PeaceHealth, cessation or unwinding of the activity in question, and other appropriate actions.

### **DEFINITIONS:**

**“Business Opportunity”** means any business or community opportunity that may be of interest to PeaceHealth about which a Covered Person becomes aware (i) that is closely related to the activities in which PeaceHealth is engaged or expects to be engaged, or (ii) in connection with the performance of the Covered Person’s functions at or with PeaceHealth.

**“COI Survey”** means the Conflict of Interest survey administered by Organizational Integrity, which contains a detailed set of questions and required disclosures related to potential outside interests and relationships that Surveyed Individuals are required to complete. Surveyed Persons must certify on the COI Survey that they have read, understood and agreed to comply with this Policy, and confirm their understanding that PeaceHealth is qualified as a 501(c)(3) tax-exempt organization which, in order to maintain federal tax exemption, must engage primarily in activities which accomplish one or more of the organization’s tax-exempt purposes.

**“Confidential Information”** means all written and verbal information that is created by, held by, or disclosed to PeaceHealth to carry out PeaceHealth’s mission, and includes:

1. all Protected Health Information (“**PHI**”) about patients, as that term is defined by HIPAA;
2. all non-public information concerning PeaceHealth’s caregivers and providers;
3. business models, planned business transactions or arrangements, customer and supplier lists, marketing plans, financial and technical information, trade secrets, know-how, ideas, designs, drawings, specifications techniques
4. all information or material that has or could have commercial value or other utility to PeaceHealth.

**“Conflict of Interest”** means any circumstance or situation in which:

1. a Covered Person has an Outside Relationship, and the non-Peace Health person or organization has, has had, or may have a business relationship with, or engage in a Transaction with PeaceHealth;
2. due to a Covered Person’s Outside Relationship, a Covered Person has or may feel a sense of duty or desire to consider either (i) the Covered Person’s own self-interests, or (ii) the interests of the person or organization associated with the Outside Relationship, when making decisions, or when influencing other Covered Persons to make decisions, for or on behalf of PeaceHealth;
3. a Covered Person’s ability to exercise independent judgment to make decisions solely in the best interests of PeaceHealth or PeaceHealth’s patients could be (or could be perceived to be) compromised due to either the Covered Person’s own self-interest or the Covered Person’s Outside Relationship;
4. the mere existence of a Covered Person’s Outside Relationship is, could be, or could be perceived to be, inconsistent with the interests of PeaceHealth or PeaceHealth’s patients; or
5. appropriating or aiding the appropriation of a Business Opportunity to oneself or to another person or organization to the detriment of PeaceHealth without first (i) disclosing the Business Opportunity to PeaceHealth, and (ii) obtaining a written consent from PeaceHealth to proceed with the opportunity.

In applying the definition of “Conflict of Interest”, the following concepts apply:

- A financial interest includes any ownership interest (equity interest, membership interest, stock, stock options, warrants, or contractual rights to acquire or receive ownership interests), compensation of anything of monetary value, including salaries, Gifts, consulting fees, honoraria or other payments, and royalty income or the right to receive future royalties under a patent, license, or copyright agreement.
- A fiduciary duty or interest includes serving as an executive, officer, board member, or in another position that includes any responsibilities for the governance, operation, or management of a business or organization.
- A familial interest includes a financial, fiduciary, or self interest in oneself or in another person or organization that has, has had, or may have a business relationship with or engage in a Transaction with PeaceHealth, if that financial, fiduciary or self-interest is held by a Family Member of a Covered Person.

However, as an exception to this definition, the following will not be considered Conflicts of Interest:

1. Having equity interests (stocks, stock options, etc.) in a publicly traded company that are held in a diversified mutual fund.
2. Having an equity interest in a publicly traded company valued at less than \$5,000.

**“Covered Person”** includes:

1. Caregivers;
2. Non-employed medical directors;
3. *Locum tenens* and relief providers;
4. Members of the Board of PeaceHealth and committees with Board-delegated powers;
5. Members of the Community (Network) Board of Directors
6. Members of the Foundation Board of Directors
7. PeaceHealth representatives of PeaceHealth Joint Ventures or apartially or wholly owned PeaceHealth subsidiaries;
8. Volunteers;
9. Trainees & Medical Students;
10. Any others designated by PeaceHealth’s Board or leadership; and
11. contracted providers;
12. medical staff members;
13. Officers, Board Members, and Directors of Affiliated Organizations, joint ventures; or partially or wholly owned PeaceHealth subsidiaries.

**“Family Member”** includes spouses, domestic partners, children, parents, grandparents, grandchildren, siblings, aunts, uncles, nieces, nephews, and in-laws, whether by blood, adoption, or marriage, and is to be construed broadly.

**“Gifts”** includes anything of value including funds, loans, sponsorship, stock, reimbursement, food, beverages, travel, lodging, entertainment, event tickets, services, gift cards, favors, educational materials, honoraria, royalties, or any other item or activity with tangible or intangible value.

**“Management Plan”** means a document administered by Organizational Integrity which a Covered Person with a Conflict of Interest must follow, and which outlines the plans, safeguards, requirements and other measures required to actively reduce, mitigate, or eliminate an actual, potential, or perceived Conflict of Interest.

**“Outside Relationship”** means (i) a business, financial, fiduciary, familial, professional, personal, or other relationship between a Covered Person and another person or organization outside of PeaceHealth, (ii) that creates, or causes a Covered Person to feel a sense of a duty or desire to consider either the Covered Person’s own self-interests or the interests of the other person or organization, (iii) when the Covered Person is making decisions for or influencing decisions to be made by PeaceHealth. PeaceHealth requires Covered Persons to make decisions involving PeaceHealth based solely on the best interests of PeaceHealth and PeaceHealth’s patients, without any competing influences from Outside Relationships.

**“PeaceHealth”** means, for purposes of this Policy, PeaceHealth and all of PeaceHealth’s Divisions, Networks, Communities, Facilities and Affiliated Organizations.

**“Surveyed Persons”** means that subset of Covered Persons who, because of their potentially influential roles or responsibilities with PeaceHealth, are selected by Organizational Integrity to be required to complete a COI Survey. At a minimum, Surveyed Persons include all PeaceHealth Members of the System Board of Directors, Community Boards of Directors, Foundation Boards of Directors and all PeaceHealth officers. Organizational Integrity may modify the list of Surveyed Persons from time to time to most effectively and efficiently identify Conflicts of Interest.

**“Third Party”** is an organization or person that competes with, does business with, or wants to do business with PeaceHealth.

**“Transaction”** includes a sale, purchase, joint venture, business arrangement, or lease; a written contract or oral agreement; provision of items or services; and legal proceedings.

## **RELATED DOCUMENTS, RESOURCES AND REFERENCES:**

### **Related Authority:**

This Policy is intended to be implemented consistently with the following authorities:

- IRS Form 1023 Instructions and Related Guidance (<https://www.irs.gov/charities-non-profits/form-1023-purpose-of-conflict-of-interest-policy>)
- Duties of a director - [RCW 24.03.127](#)
- Anti-Kickback Statute [42 U.S §1320a-7b\(b\)](#)
- Stark Law, [42 U.S.C 1395nn](#)

**Help:** For questions about this Policy, or assistance with understanding your obligations under this Policy, please contact OI or the Legal Department.

## **APPROVALS**

### **Initial Approval:**

President and CMO approved on 07/01/1995

### **Subsequent Review/Revision(s):**

President and CMO approved revisions on; 02/01/2010; 01/01/2012; 02/01/2014

VP of Organizational Integrity approved revisions; 09/24/2014; 07/28/2016;12/16/2019

System Policy Committee approved; 08/23/2016

VP Organizational Integrity approved review; 09/10/2019

Ryan Belton, Legal, approved revisions; 12/16/2019

### **End of Policy**

*Any pages after this page contain only data and tracking information about the development and life cycle management of this document. They do not contain information necessary for caregivers to do their job or comply with this policy.*