

Subject: Medical Staff Conflict of Interest Policy	Page 1 of 5
	Approved/Effective Date:
Revise Date:	Review Date: 02/21

A. Definitions:

Davis Medical Center defines the key terms used in this policy as follows:

Affiliate: Any organization that controls, is controlled by, or is related by common control (majority or minority) to this corporation.

Board committee: Any committee that has a specific delegated authority to take final action relative to the charitable, business, or clinical aspects of this corporation delegated to it by the board or the bylaws of this corporation (as opposed to a committee that is simply advisory).

Board member: Any director or trustee of this corporation—whether appointed, elected, or ex officio, and including, but not limited to, physicians.

Compensation: Any direct or indirect remuneration, including any substantial gifts or favors.

Conflicting interest: Service as a member, shareholder, trustee, owner, partner, director, officer, or employee of any organization or governmental entity that either:

- Competes with this corporation or any affiliate;
- Provides goods or services to the organization or receives goods or services from the organization;
- Provides regulatory, inspection, supervision, accreditation, or other oversight in the organization;
- Is involved—or is likely to become involved—in any litigation or adversarial proceeding with this corporation or any affiliate.

Financial interest: Any direct or indirect arrangement or transaction in which an interested person has through business, investment, or family a present or potential ownership, investment interest, or compensation arrangement with this corporation. Financial interest is also an issue with any entity or individual with which this corporation or any affiliate has, or may have, a transaction or arrangement.

Interested person: Any person who has a direct or indirect financial interest or conflicting interest.

Key management personnel: The Chief Executive Officer of this corporation, any managers who report directly to the Chief Executive Officer or the board, and any other personnel so designated by the Chief Executive Officer.

Person covered by this policy: Any board member, member of any board committee, officer of this corporation, and key management personnel of this corporation.

B. Disclosure of Potential Conflicts of Interests:

Every person covered by this policy shall submit in writing to the Chief Executive Officer a Conflict of Interest Disclosure Statement listing all financial and/or potential conflicting interests. Individuals should resubmit each statement with any necessary changes each year or as any additional conflicting or financial interests arise. All board members will receive an annual summary of the disclosures. In addition, the chair and the vice chair of the board shall have disclosure statements available at the time of all board meetings in case a potential conflict arises.

C. Procedure To Be Followed At Meetings:

Whenever the board or a board committee is to consider a transaction or arrangement with an organization, entity, or individual in which a person covered by this policy has a financial or conflicting interest, the following must occur:

- The interested person must disclose the financial or potential conflicting interest to the board or board committee.
- The board chair, the board committee, or the board may ask the interested person to leave the meeting during discussion of the matter regarding the potential conflict. If asked, the interested person must leave the meeting, but may make a statement or answer any questions on the matter before his or her departure.
- The interested person shall not vote on the matter regarding the potential conflict.
- The board or board committee must approve the transaction or arrangement by a majority vote of a quorum of the board members present—not including the presence of the interested person.

If an interested person has a financial interest in a transaction or arrangement that might involve personal financial gain or loss, consider the following provisions in additions to the ones described above:

- If appropriate, the board or board committee may appoint a non-interested person or committee to investigate alternatives to the proposed transaction or arrangement.
- A majority vote of the board members, not including the interested person, must approve the transaction or arrangement.
- To approve the transaction, the board or board committee must first find, by a majority vote of the board members in office—not including the vote of the interested person—that the proposed transaction or arrangement is in the corporation's best interest. It also must find that for its own benefit, the proposed transaction is fair and reasonable to the corporation, and that after reasonable investigation, the corporation cannot obtain a more advantageous transaction or arrangement with reasonable efforts.
- The interested person shall not be present for the discussion or vote regarding the transaction or arrangement.

D. Minutes of Meetings:

Minutes of all board and board committee meetings shall include the following:

- The name of the person who disclosed a potential conflicting or financial interest.
- The nature of the potential conflicting or financial interest.
- Whether the board determined there is a conflict of interest.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement and the content of these discussions—including any alternatives to the proposed transaction or arrangement.
- A record of the vote regarding the transaction or arrangement.

E. Dissemination and Acknowledgment of Policy:

(a) This policy shall be distributed to all persons covered by this policy.

(b) Each person covered by this policy shall sign an annual statement that he or she:

- Received a copy of the policy;
- Read and understands the policy;
- Agrees to comply with the policy;
- Understands that the policy applies to the board and all board committees; and
- Understands that this corporation and its affiliates are organized to advance charitable purposes, and that in order to maintain tax-exempt status, they must continuously engage primarily in activities that accomplish one or more tax-exempt purposes.

F. Compensation Committees:

- (a) A voting member of any committee whose jurisdiction includes compensation matters, and who receives compensation directly or indirectly from the corporation for service, may not vote on matters pertaining to his or her compensation.
- (b) Physicians who receive compensation directly or indirectly from the corporation—whether as employees or independent contractors—may not serve on any committee whose jurisdiction includes compensation matters.

G. Periodic Reviews:

To ensure that the corporation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, Davis Medical Center will conduct periodic reviews.

The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable and are the results of arm's-length bargaining.
- Whether acquisitions or other arrangements with providers result in inurement or impermissible private benefit.
- Whether partnerships and arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the corporation's charitable purposes, and do not result in inurement or impermissible private benefit.
- Whether agreements to provide healthcare and agreements with other healthcare providers, employees, and third-party payers further the corporation's charitable purposes and do not result in inurement or impermissible private benefit.

H. Penalties for Non-Compliance:

Failure to comply with this policy constitutes grounds for removal from office and, in the case of key management personnel, termination of employment.

I. Policy On Billing Practices:

1. This hospital has a proud history of participation in the Medicare and Medicaid programs. This hospital views participation in these programs to be an integral part of its mission of the promotion of health to the community it serves. To receive funds from the Centers for Medicare and Medicaid Services, the agency formerly known as Health Care Financing Administration, and state agencies, and hospitals must all comply with special laws and regulations.
2. Davis Medical Center expects employees to participate in education offered by this hospital and by various professional groups and associations. It also expects employees to be familiar with the laws and regulations governing the billing of inpatients and outpatients under the Medicare, Medicaid, and private insurance programs that affect their specific job responsibilities. In the event that an employee is unclear as to how to submit a claim in a particular situation, the employee is to exercise sound discretion, and in any doubtful case seek appropriate advice. The burden is on each employee to avoid submitting a claim with actual knowledge of its falsity, in deliberate ignorance of its falsity, or with reckless disregard of applicable state or federal law.

3. For the protection of this hospital, its employees, and the community it serves, it is essential that prompt and full disclosure be made of any situation that might involve a violation of any billing regulation. It is each employee's duty to report any known or suspected violation of any billing regulation or any of these standards to this hospital's corporate compliance officer. This hospital shall protect the confidentiality of any employee who makes any such report. Employees will not experience retribution by this hospital as a result of reporting violations of any billing regulations or any of these standards.

J. Policy Review and Amendment:

Davis Medical Center will periodically review, revise, and amend this policy as necessary. It is the responsibility of the Chief Medical Officer to initiate such a review.

Chief of Staff

Date

Chief Medical Officer

Date