



**Samaritan Health Plans
Policies & Procedures**

SHP Compliance Department

| SAHP | IHP | SGC | LGC | SC | ADMIN |
|------|-----|-----|-----|----|-------|
| X | X | X | X | X | |

CP-15 Conflict of Interest

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| Effective Date: 1/15/2016 |
| Last Revision Date: 1/4/2019 |
| Dissemination Date: 1/4/2019 |
| Required Review Date: 11/1/2019 |

PURPOSE

The purpose of this policy is to protect Samaritan Health Plans’ (SHP) interest when potentially entering into a transaction or arrangement that might benefit the private interest of any employee, Board member, or delegated entity of SHP. This policy is intended to supplement but not replace ORS 65.361 governing conflicts of interest applicable to non-profit and charitable corporations.

APPLICATION / SCOPE

All SHP employees, InterCommunity Health Plans (IHP) and SHP Boards, and Delegated Entities

DEFINITIONS

- I. **Delegated Entity (DE):** Any First-Tier, Downstream , Related Entity, or Sub-Contractor: any party that has entered into a written arrangement with SHP to provide administrative or healthcare services for a SHP member.

- II. **Interested Person:** Any employee, Director, principal officer, or member of a committee with board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the health care system of which the Corporation is a part, he or she is an interested person with respect to all entities in the health care system.

- III. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
 - A. An ownership or investment interest in any entity with which the plan sponsor has a transaction or arrangement, **or**
 - B. A compensation arrangement with the plan sponsor or with any entity or individual with which the Corporation has a transaction or arrangement, **or**
 - C. Potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the plan sponsor is negotiating a transaction or arrangement.

- IV. **Compensation:** includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.



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POLICY

All SHP employees, the Samaritan Health Plans and InterCommunity Health Plan (IHP) Board members, and the Pharmacy and Therapeutics (P&T) Committee members are required to sign a Conflict of Interest statement upon hire or appointment and annually thereafter and shall disclose any internal or external transaction or arrangement that might benefit his/her private interests as a result of information or relation to his/her connection to SHP.

PROCEDURES

- I. The Chair of the Pharmacy & Therapeutics (P&T) Committee ensures that all P&T Committee members sign a conflict of interest statement at the time of appointment and annually thereafter.
- II. The SHP CEO is responsible for monitoring and ensuring conflict of interest statements for all SHPlans and IHP Board members.
- III. Samaritan Health Services (SHS) Human Resources (HR) is responsible for ensuring that all SHS employees sign a conflict of interest statement at the time of employment and annually thereafter.
- IV. SHP Compliance Officer is responsible for presenting a summary of Conflict of Interest statements regarding SHP to the SHP Compliance Council annually.
- V. The External Auditor, under supervision of the Compliance Officer, is responsible for uploading the most up to date version of the Conflict of Interest (COI) Policy to the FDR website.
 - A. Subcontractors are required to attest if a Conflict of Interest exists.
- VI. In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the SHP Chief Executive Officer (CEO) and/or the Directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.
- VII. After disclosure of the financial interest, the interested person shall leave the committees CEO and/or the Board or committee meeting while the financial interest is discussed and voted upon. The CEO and/or the remaining Board or committee members shall decide if a conflict of interest exists.



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VIII. The Chairman of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the Board or committee shall determine whether SHP can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

IX. If a more advantageous transaction or arrangement is not reasonably attainable under the circumstances that would not give rise to a conflict of interest, the CEO and/or Board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in SHP’s best interest and for its own benefit and whether the transaction is fair and reasonable to SHP and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

X. If the CEO and/or Board or committee has reasonable cause to believe that an employee or member has failed to disclose actual or possible conflict of interest or has breached the fiduciary duty to keep discussions confidential, it shall inform the employee or member of the basis for such belief and afford the employee or member an opportunity to explain the alleged failure to disclose or breach.

If, after hearing the response of the employee or member and making such further investigation as may be warranted in the circumstances, the CEO and/or Board committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, or has breached the fiduciary duty to keep Board discussions confidential, it shall take appropriate disciplinary and corrective action.

XI. Board minutes and all committees with board-delegated powers shall contain:

- A. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board’s or committee’s decision as to whether a conflict of interest in fact existed.
- 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 therewith.



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- XII. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member’s compensation.

- XIII. Physicians who receive compensation, directly or indirectly, from SHP, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters.

- XIV. Each Director, principal officer, and member of a committee with board-delegated powers shall annually sign a statement which affirms that such persons:
 - A. Received a copy of the conflicts of interest policy.
 - B. Read and understands the policy.
 - C. Agreed to comply with the policy.
 - D. Understands that InterCommunity Health Plans and Samaritan Health Plans are charitable organizations and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

- XV. The SHP Chief Executive Officer (CEO) conducts periodic reviews that include, at a minimum, the following subjects:
 - A. Whether compensation arrangements and benefits are reasonable and is the result of arms-length bargaining.
 - B. Whether acquisitions of physician practices and other provider services result in inurement or impermissible private benefit.
 - C. Whether partnership or joint venture arrangements and arrangements with management service organizations and physician hospital 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.
 - D. Whether agreements to provide health care and agreements with other health care providers, employees, and third-party payors further the corporation’s charitable purposes and do not result in inurement or impermissible private benefit.

- XVI. In conducting the periodic reviews provided for in the Periodic Reviews section, SHP may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.



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- XVII. Each Director has a fiduciary duty to SHP to keep all discussions at Board meetings confidential, and agrees not to disclose any such discussions without the prior written consent of the Board.

REFERENCES

- I. 42 CFR Parts 422 and 423
- II. ORS 65.361
- III. Medicare Managed Care Manual and Prescription Drug Benefit Manual, Chapters 9 and 21

RELATED DOCUMENTS

- I. SHS Corporate Integrity Program Policy

RESPONSIBLE PARTY

The SHP Compliance Officer verifies, through monthly reports, that all SHP employees have completed the Conflict of Interest statement on at least a yearly basis.

| Required Review Date: 11/1/2018 | | | |
|---------------------------------|--------------------|-----------------|--|
| Revision # | Approved By / Date | Policy Owner | Revision Description |
| 8 | 1/4/2019 / SK | Denise Severson | Verified Content and Formatting/ No changes |
| 7 | 11/09/2018 / LV | Denise Severson | Updated Lanaguage in "Purpose" and added Definition. |
| 6 | 3/15/2018 / SK | Denise Severson | Updated Formatting |
| 5 | 1/1/2018 / JW | Denise Severson | Updated language |
| 4 | 2/8/2017 / SK | Denise Severson | Verified Content and Formatting |
| 3 | 6/15/2016 / JW | Denise Severson | Format Changes |
| 2 | 1/14/2016 / DS | Denise Severson | |