**Policy Title:** Conflict of Interest

**Department(s) Initiating:** Integrity & Compliance

**Facility Types:** This policy applies to all SCL Health System owned or managed entities including joint ventures in which it or one of its entities is an owner of more than 50% and any other organization or facility for whom it or one of its entities manages or controls the day-to-day operations with the following exceptions:

**None**

**Effective Date:** 03/11/2014  
**Next Review Date:** 03/11/2017

**Document Owner:** Joanne Davidson (VP- Chief Integrity-Compl Ofcr)

**Committee/Executive Approver(s):** Executive Integrity and Compliance Committee (EICC), Joanne Davidson (VP- Chief Integrity-Compl Ofcr), Rosland McLeod (SVP Chief Legal Officer)

**Approval Date:** 03/11/2014

**Purpose:**
To provide guidance in identifying and managing actual or potential Conflicts of Interest in order to protect the interests of SCL Health System and its owned or managed entities, including safeguarding tax exempt status.

**Scope:**
This policy applies to: All Interested Persons, as defined below, who conduct business or work on behalf of SCL Health System and/or its owned or managed entities (collectively and individually referred to as “SCL Health.”)

**Definitions:**
- **Associate** - an employee of SCL Health.

- **Conflict of Interest** - a Personal, Financial or Non-Financial Interest of an Interested Person or Related Person that could be perceived to influence the Interested Person’s judgment affecting the outcome of a decision over which the Interested Person has control or influence.

- **Conflicted Entity** - any person, firm or organization dealing with, seeking to deal with or competing with SCL Health. Examples of Conflicted Entities:
  - Suppliers of goods or services to SCL Health;
  - Sellers or lessors of property, equipment, materials or supplies to SCL Health;
  - Persons or organizations with which SCL Health deals or plans to deal in connection with the purchase, sale or transfer of real estate, securities or other property;
  - Persons or organizations competing with, dealing with or seeking to deal with SCL Health;
  - Financial donors and others who support SCL Health;
  - Persons, agencies or organizations that regulate or otherwise impact SCL Health operations;
  - Family members, friends and other associates.

- **Entertainment** - a social event, such as a meal, attendance at a sporting or cultural event, participation in a sporting activity, whether or not business matters are discussed, where it is apparent that the event is not primarily intended as a business meeting.
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**Financial, Non-Financial Interest** - with regard to a Conflicted Entity, when an Interested Person stands to benefit either financially or non-financially under the following circumstances:

- Owns stock, holds debt of or has an ownership or financial interest (other than an ownership of not more than 5% of the publicly traded stock of a widely held company);
- Holds an office, serves on the board, participates in the management, is an employee or a former employee;
- Receives remuneration or has another compensation arrangement for services rendered;
- Uses personnel, equipment, supplies or good will of SCL Health.

**Gift** - any service or item of value, including everything ranging from marketing items to flowers and gifts baskets, cash and cash equivalents, gift cards and certificates, loans and financial instruments.

**Interested Person** - any person in a position to exercise substantial influence over SCL Health. This term includes, but is not limited to the following:

- Board members, board committee members, officers and directors;
- Senior leaders and executives (CEO, SVP, VP, Executive Directors);
- Employed physicians and physicians in Medical Staff leadership roles (e.g., department chairs, members of medical staff committees);
- Medical directors of clinical programs that assess, review, recommend or request purchase of any specific pharmaceutical products, medical devices, supplies and/or equipment; and
- Department directors and managers.

**Personal Interest** - when an Interested Person or a Related Person stands to benefit directly or indirectly as a result of a decision.

**Related Person** - an Interested Person’s spouse, domestic partner, parent, child, sibling, aunt, uncle, step-parent or step-child; the spouse or domestic partner of an Interested Person’s child or step-child and the spouse or domestic partner of an Interested Person’s sibling.

**Policy:**

1. **Policy Statement.** The business and affairs of SCL Health will at all times be conducted in a manner that is solely in the best interests of SCL Health and not influenced by conflicting interests of persons responsible for administering those affairs. To that end, the existence of any Conflicts of Interest as described in this policy will be disclosed and the procedures set forth herein will be followed. Certain transactions suggestive of a Conflict of Interest are prohibited.

2. **Prohibited Transactions.**
   
a. Interested Persons and Related Persons may not accept a Gift or Entertainment from any Conflicted Entity under circumstances from which it might be inferred that the Gift or Entertainment is intended to influence or would influence the Interested Person in the performance of his or her duties.

b. Under no circumstances may a Gift or Entertainment from a Conflicted Entity be accepted by an Interested Person or a Related Person when the Gift or Entertainment would be prohibited under the SCL Health policy addressing Gifts or Entertainment.

3. **Disclosure, Initial, Annual, Continuing Obligation.**
   
a. Upon becoming an Interested Person and on an annual basis, Interested Persons are required to disclose any relationships that constitute or might lead to a Conflict of Interest by completing the current Conflict of Interest and Gift Disclosure Statement (“Statement”) as approved by the Chief Integrity and Compliance Officer.
b. The SCL Health Integrity and Compliance Department is responsible for distributing the Statement and maintaining the completed Statements.

c. The Chief Integrity and Compliance Officer will:
   i. oversee the review of the Statements and the resolution of any identified Conflicts of Interest; and
   ii. alert the SCL Health System CEO and/or the Chair of the SCL Health System Board of Directors to any items of concern.

d. Unless addressed below under Disclosure During Active Consideration of Business, when an Interested Person becomes aware of a Conflict of Interest which has not been disclosed on a Statement, she or he shall contact the local Compliance and Privacy Officer or the Chief Integrity and Compliance Officer, obtain a Statement form, complete and return it to the SCL Health Integrity and Compliance Department.

4. Disclosure During Active Consideration of Business.

   a. Disclosure Required. Whenever an Interested Person becomes aware that an arrangement with respect to which he or she has a Conflict of Interest is being considered, the Interested Person must disclose all material facts concerning the existence and nature of the Conflict of Interest to his or her supervisor (if an associate other than the SCL Health System CEO) or to the applicable board or committee chair (if the SCL Health System CEO or a board or committee member), even if the Conflict of Interest has been previously disclosed.

   b. Making the Determination of Conflict of Interest Raised in the Course of Conducting Business.
      i. With regard to associates other than the SCL Health System CEO, the Interested Person’s supervisor will determine whether a Conflict of Interest exists.
      ii. With regard to the SCL Health System CEO and board or committee members, the remaining members of the board or committee will determine whether a Conflict of Interest exists.
      iii. Person(s) responsible for the determination should obtain further guidance from legal counsel as necessary.

   c. Conduct of Interested Person Prior to Determination. Upon making his or her disclosure, the Interested Person will leave the meeting or otherwise remove him or herself from the deliberations or other decision-making process until such time as a determination is reached.

   d. Conduct of Interested Person After Determination of No Conflict of Interest. Once a determination has been made that no Conflict of Interest exists, the Interested Person may be present and participate in the deliberation regarding the transaction or arrangement.

   e. Exclusion of Interested Persons with Conflict of Interest. An Interested Person who has been determined to have a Conflict of Interest may not:
      i. Participate in the deliberation or decision regarding the transaction or arrangement; or
      ii. Be present during the deliberation or decision-making.
      iii. Such an Interested Person may be allowed to make a presentation prior to the deliberation and decision-making activities.
5. **Ensuring SCL Health’s Best Interests are Protected.**
   a. When an Interested Person has a Conflict of Interest, the decision-maker/decision-making body considering the transaction or arrangement will take reasonable measures, prior to approving or entering into the transaction or arrangement, to ensure that the proposal is in SCL Health’s best interests.
   b. The proposed transaction or arrangement may proceed if the decision-maker/decision-making body, after having been fully informed of the material facts establishing the Conflict of Interest, determines that the transaction or arrangement is in SCL Health’s best interests and is fair and reasonable.
   c. A majority vote of the disinterested decision-makers is required when a determination is made by a board, committee or other decision-making body.

6. **Reporting, Investigating Suspected Violations.**
   a. An Interested Person (or any associate) who has reason to believe that this policy has not been followed with respect to any transaction or arrangement is required to promptly bring the alleged violation to the attention of the decision-maker or the SCL Health Chief Integrity and Compliance Officer.
   b. The alleged violations will be promptly investigated.
   c. If it is found that the policy was not followed, appropriate disciplinary and/or other corrective action will be taken.

**References:**
- None

**Related Policies:**
- Gifts
- Entertainment

**Supporting Documents:**
- [Conflict of Interest and Gift Disclosure Statement - Form](#)

**Monitoring:**
Management of potential conflicts is done by the Chief Integrity and Compliance Officer and reported annually to the Executive Integrity and Compliance Committee and the Audit, Organizational Integrity and Compliance Committee of the SCL Health Board of Director.