

Riverwood Healthcare Center – Policy and Procedure

DEPARTMENT: Administration

DEPARTMENTS AFFECTED:

POLICY No: 2-2

SPECIAL CONSIDERATIONS: NA

SUBJECT: Conflict of Interest

ORIGINAL DATE OF POLICY: 2/21/02

EFFECTIVE DATE: 2/21/02; 10/1/09; 2/28/11; 7/26/12; 1/28/13; 7/18/13

AMENDMENT No:

SUPERSEDES:

REFERENCE:

STANDARD(S):

UPDATES AND APPROVALS: 2006; updated 9/09 chills; updated 2/16/11 chills; approved 2/28/11 Board of Directors/cg; reviewed 6/28/11 janderson/cg; cah approval 7/21/11/cg; reviewed 2/27/12 Board of Directors/cg; CAH approval 7/26/12; updated Board of Directors 1/28/13/cg; CAH approval 7/18/13; updated 10/21/16 cbecker and slindgren/cg; CAH approval 12/20/16/cg

Aitkin Community Hospital, Inc., dba Riverwood Healthcare Center

CONFLICT OF INTEREST POLICY

January 2013

SECTION 1. PURPOSE

Riverwood Healthcare Center (RHCC) is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of Riverwood Healthcare Center as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public. Consequently, there exists between RHCC and its Governing and Foundation Boards of Directors, officers, licensed independent, contract or employed practitioners, and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The Boards of Directors, officers, licensed independent, contract or employed practitioners, and management employees have the responsibility of administering the affairs of RHCC honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of RHCC. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with RHCC or knowledge gained there from for their personal benefit. The interests of RHCC must be the first priority in all decisions and actions.

The purpose of this policy is to provide a means by which to address any conflict of interest involving the Boards of Directors, officers, licensed independent, contract, or employed practitioners, and employees that affect or have the potential to affect the safety or quality of care, treatment, and services. [Joint Commission Standard LD.04.02.01]

Fiduciary Duty and Code of Ethics

A fiduciary duty exists between RHCC and its Boards of Directors, officers, licensed independent, contract or employed practitioners, employees and the public, which carries with it a broad and unbending duty of loyalty and fidelity. The Boards of Directors, officers, licensed independent, contract or employed practitioner, and employees have the responsibility of administering the affairs of RHCC honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of RHCC.

Those persons shall exercise the utmost good faith and shall engage in ethical conduct in all transactions involved in their duties, and they shall not use their positions with RHCC or knowledge gained there from for their personal benefit. The interests of RHCC must be the first priority in all decisions and actions.

SECTION 2. PERSONS CONCERNED

This statement is directed not only to Boards of Directors, officers, licensed independent, contract, or employed practitioners, but to all employees or non-employees who can influence the actions of RHCC

For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning RHCC.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE

Conflicts of interest may arise in the relations of the Boards of Directors, officers, licensed independent, contract or employed practitioners, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to RHCC.
2. Persons and firms from whom RHCC leases property and equipment.
3. Persons and firms with whom RHCC is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting RHCC.
6. Agencies, organizations and associations which affect the operations of RHCC.
7. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with RHCC.
2. Holding office, serving on the Boards, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with RHCC.
3. Receiving remuneration for services with respect to individual transactions involving RHCC.
4. Using RHCC's time, personnel, equipment, supplies, or good will for other than RHCC-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with RHCC. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money **or cash equivalents (e.g., gift cards)** should ever be accepted.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the Boards of Directors, officers, licensed independent, contract or employed practitioners, and management employees will recognize such areas and relation by analogy. The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of RHCC. However, it is the policy of the Governing Board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Boards of Directors, officers, licensed independent, contract or employed practitioners, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE

Procedures for Addressing Conflicts of Interest

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest and all material facts are fully disclosed to the Governing Board of Directors or to a committee with Board-delegated powers;
2. The person with the conflict of interest may make a presentation at the Governing Board or committee meeting, but after the presentation, he or she shall be excluded from the discussion and vote on approval of such transaction;
3. The chairperson of the Governing Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement;
4. After exercising due diligence, the Governing Board or committee shall determine whether RHCC 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;
5. If a more advantageous transaction or arrangement that would not give rise to a conflict of interest is not reasonably attainable under circumstances, the Governing Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in RHCC's best interest and for its own benefit and whether the transaction is fair and reasonable to RHCC, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Disclosure

Disclosure in RHCC should be made to the chief executive officer (or if she or he is the one with the conflict, then to the board chair), who shall bring the matter to the attention of the Governing Board of Directors. Disclosure involving directors should be made to the Governing Board Chair (or if she or he is the one with the conflict, then to the Governing Board Vice-chair) who shall bring these matters to the Governing Board.

Decision

The Governing Board of Directors or a committee with Governing Board-delegated powers shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to RHCC. In the case of a conflict involving a member of the Governing Board of Directors, the Governing Board or committee reviewing the matter shall consider the Disabling Guidelines attached hereto. The decision of the Governing Board or committee on these matters will rest in its sole discretion, and its concern must be the welfare of RHCC and the advancement of RHCC's purpose.

Disclosure of Information to Others

Patients, employees, and licensed practitioners can request policies, procedures, and information about the relationship between care, treatment, and services and financial incentives by submitting a written request to the CEO. [Joint Commission Standard LD.04.02.01]

SECTION 7. VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY

1. If the Governing Board or committee has reasonable cause to believe that a person has failed to disclose an actual or possible conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Governing Board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, which may include no action, reprimand, request for resignation or removal from the Board of Directors as the facts and circumstances may warrant.

SECTION 8. RECORDS OF PROCEEDINGS

The minutes of the Governing Board of Directors and all committees with Governing Board-delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the actual or possible conflict of interest, any action taken to determine whether a conflict of interest was present, and the Governing Board's or committee's decision as to whether a conflict of interest in fact existed.

2. 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.

SECTION 9. COMPENSATION

1. A voting member of the Board of Directors who receives compensation for provision of services as an employee or contractor, directly or indirectly, from RHCC is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from RHCC for services is precluded from voting on matters pertaining to that member's compensation.
3. No member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from RHCC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
4. Physicians who receive compensation from RHCC, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

SECTION 10. ANNUAL STATEMENTS

Each director, principal officer and member of a committee with Governing or Foundation Board-delegated powers shall annually sign a statement which affirms that such person. All licensed independent, contract, or employed practitioners complete biennial statements at the time of initial and reappointment.

1. Has received a copy of the conflicts of interest policy;
2. Has read and understands the policy;
3. Has agreed to comply with the policy; and
4. Understands that RHCC is a charitable organization 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.

SECTION 11. PERIODIC REVIEWS

Periodic reviews shall be conducted to ensure that RHCC operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax; and to ensure that a conflict or potential conflict does not adversely affect the safety or quality of care, treatment, and services. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and is the result of arm's-length bargaining.
2. Whether partnership and joint venture arrangements and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further RHCC's charitable purposes and do not result in inurnment or impermissible private benefit.
3. A review of the relationships with other care providers, educational institutions, manufacturers, and payers to determine whether a conflict of interest exists and whether they are within law and regulation. [Joint Commission Standard LD.04.02.01]

SECTION 12. USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Section 10, RHCC 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.

Aitkin Community Hospital, Inc., dba Riverwood Healthcare Center

**CONFLICT OF INTEREST DISCLOSURE STATEMENT
2013**

Preliminary note: In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed “affiliated persons” and include the following:

- a. your spouse, domestic partner, child or spouse of a child, mother, father, brother or sister, or spouse of a brother or sister;
- b. any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities (for the purposes of statement, if a person has an association with an organization that is a member of a health care system, the person is deemed to have an association with all of the other entities in that health care system); and
- c. any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. NAME OF EMPLOYEE, PRACTITIONER, OR BOARD MEMBER: (Please print)

2. CAPACITY:

_____Governing Board of Directors

_____Foundation Board of Directors

_____executive committee

_____officer

_____committee member

_____practitioner (position): _____

_____staff (position): _____

3. Have you or any of your affiliated persons provided services or property to RHCC in the past year?

_____YES _____NO

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

4. Have you or any of your affiliated persons purchased services or property from RHCC in the past year?

_____ YES _____ NO

If yes, please describe the purchased services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

5. Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transaction(s) in the past year to which RHCC was or is a party?

_____ YES _____ NO

If yes, describe the transaction(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

6. Were you or any of your affiliated persons indebted to pay money to RHCC at any time in the past year (other than travel advances or the like)?

_____ YES _____ NO

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

7. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from RHCC or as a result of your relationship with RHCC, that in the aggregate could be valued in excess of \$1,000, that were not or will not be compensation directly related to your duties to RHCC?

_____ YES _____ NO

If yes, please describe the benefit(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving RHCC?

_____YES _____NO

If yes, please describe the proceeding(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

9. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by RHCC's Governing Board of Directors in accordance with the terms and intent of RHCC's conflict of interest policy?

_____YES _____NO

If yes, please describe the situation(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

10. Each director, principal officer and member of a committee with Governing or Foundation Board-delegated powers, and all licensed independent, contract or employed practitioners shall annually sign a statement which affirms that such person--

1. Has received a copy of the conflicts of interest policy;
2. Has read and understands the policy;
3. Has agreed to comply with the policy; and
4. Understands that RHCC is a charitable organization 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.

I HEREBY CONFIRM, that I have read and understand RHCC's conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify Chief Executive Officer or the Governing Board Chair immediately.

Signature

Date

Aitkin Community Hospital, Inc., dba Riverwood Healthcare Center

**GIFT POLICY AND DISCLOSURE FORM
2013**

As part of its conflict of interest policy, RHCC requires that the Board of Directors, Foundation Board of Directors, officers, licensed independent, contract or employed practitioners, and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with RHCC or are a competitor of it. This policy and disclosure form is intended to implement that prohibition on gifts.

Section 1. “Responsible Person” is any person serving as an officer, employee, licensed independent, contract or employed practitioner, or a member of the Governing or Foundation boards of directors of RHCC.

Section 2. “Family Member” is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a Responsible Person.

Section 3. “Contract or Transaction” is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to RHCC is not a “contract” or “transaction.”

Section 4. Prohibited gifts, gratuities and entertainment. Except as approved by the Chairman of the Board or his designee or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with RHCC or,
2. Does or seeks to compete with RHCC or,
3. Has received, is receiving, or is seeking to receive a Contract or Transaction with RHCC.

No personal gift of money **or cash equivalents (e.g., gift cards)** should ever be accepted.

GIFT STATEMENT

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment or other favors from any individual or entity, which would be prohibited by the above policy. Following my initial statement, I agree to provide a signed statement at the end of each calendar year certifying that I have not received any such gifts, entertainment or other favors during the preceding year.

Signature

Date

Disabling Guidelines

These guidelines describe conflicts of interest that are so significant that an individual should not be elected to the Board of Directors, or should be asked to resign, or be removed, if they occur during a director's term.

Under the following circumstances, a director should consider resigning, or may be asked to resign or be removed in the best interests of RHCC:

1. Repeated, intentional failure to disclose a conflict of interest
2. A single but significant, intentional failure to disclose a conflict of interest
3. Intentional violation of RHCC's confidentiality policy or code of conduct
4. Serving as a board member, partner, investor, or senior executive of a direct competitor to RHCC or its subsidiaries (not to be construed as barring physicians whose practices offer routine services, such as in-office laboratories)
5. Speaking publicly against positions of the Board of Directors or the best interests of RHCC
6. Serving as an owner, partner, employee, board member, or investor of a vendor (professional services, financial institution, or other business) receiving a substantial amount of revenue from RHCC—which we define as the greater of \$200,000 or 2 percent of the annual revenues of that vendor in the preceding or current year