

## **BJC HEALTHCARE ACCOUNTABLE CARE ORGANIZATION POLICY**

<b>APPLIES TO:</b>	BJC HealthCare Accountable Care Organization
<b>TITLE:</b>	BJC HealthCare Accountable Care Organization Conflict of Interest Policy
<b>NUMBER:</b>	No.1
<b>PURPOSE:</b>	This policy outlines the principles and procedures used by the BJC HealthCare Accountable Care Organization to identify, disclose, and manage potential and actual Conflicts of Interest in such a way as to: (1) support and complement its ability to fulfill its exempt purposes and those of its sole corporate member, BJC HealthCare; and (2) further the Accountable Care Organization's commitment to conduct business in compliance with all applicable laws and regulations, in accordance with the highest standards of ethics and integrity.

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### **I. Statement of Policy**

It is the policy of the BJC HealthCare Accountable Care Organization ("ACO") to comply with all applicable state and federal laws and regulations. This policy is intended to supplement the ACO's Compliance Plan and policies by providing specific guidance regarding the identification, disclosure and management of potential or actual conflicts of interest involving members of the ACO's Board of Managers, which is the governing body of the ACO. Compliance with the procedures outlined in this Policy is necessary to preclude the possibility that the purposes and interests of the ACO will be compromised and to reduce the likelihood of the appearance of inappropriate involvement or bias in decision making functions which may reflect unfavorably upon the ACO.

### **II. Scope of Policy**

The policy applies to all members of the ACO Board of Managers and ACO Officers

### **III. Policy Statement and Procedures**

#### **Conflicts of Interest**

A "Conflict of Interest" potentially exists whenever a member of the ACO's Board of Managers ("Board Member") or a related party (such as a family member, friend, or business associate), has an interest in a non-ACO party - whether investment, compensation, or otherwise - that could be reasonably perceived as influencing his or her activities in managing or directing the activities and performance of the ACO. Such conflicts potentially compromise the Board Member's duty of loyalty to the ACO. The facts and circumstances in each situation will determine whether the interest in question constitutes a potential conflict.

**Board Member Responsibilities**

Board Members must avoid or disclose any interest, activity or relationship which conflicts with the interest of the ACO. Accordingly, each Board Member will be required to disclose relevant financial interests in accordance with the procedure described in the BJC HealthCare Conflict of Interest Policy, as may be revised from time to time.<sup>1</sup> (Attachment A).

**Procedures for Managing Potential or Actual Conflicts Of Interest as identified by this Policy**

In accordance with the BJC HealthCare Conflict of Interest Policy, the ACO Compliance Officer will review all financial interests disclosed by ACO Board Members and determine whether a conflict of interest exists. When such a conflict does exist, the ACO Compliance Officer will develop a management plan as described in the BJC Conflict of Interest Policy.

In the event a Board Member is disqualified or disqualifies him or herself from acting on a particular transaction at a Board or Committee meeting, the minutes of the meeting should reflect that a disclosure was made and that the Board Member abstained from voting. These procedures shall be followed:

1. The interested Board Member may make a presentation at a Board or Committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of and vote on the transaction or arrangement that involved or resulted in the conflict of interest.
2. The Chairperson of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the Board or Committee shall determine whether the ACO 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.
4. If a more advantageous transaction or arrangement that would not give rise to a conflict of interest is not reasonably attainable, the Board or Committee shall determine by a majority vote of the disinterested Managers or Committee members whether the transaction or arrangement is in the ACO's best interest and for its own benefit and whether the transaction is fair and reasonable to the ACO and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

**Violations of the Conflicts of Interest Policy**

1. If the Board of Managers, any Board of Managers Committee, or ACO Compliance Officer has reasonable cause to believe that a Board Member has failed to disclose actual or possible conflicts of interest, or otherwise violated this Policy, it shall inform the individual of the basis for such belief and afford an opportunity to explain the alleged violation or failure to disclose. If after investigation the ACO Compliance Officer substantiates the allegations, the findings will be provided to the Chairperson of the ACO's Board of Managers. The Chairperson shall determine and implement corrective action, which may include measures up to and including removal or resignation from office.
2. In circumstances in which a violation of the Policy is also found to have resulted in a violation

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<sup>1</sup> 1 BJC HealthCare Corporate Compliance Policy #9, "Conflict of Interest Policy."

of law or regulations, the ACO shall take appropriate action to render the activities in conformance with applicable laws or regulations.

**IV. Responsibility of All BJC Employees and all Employees of ACO**

All ACO participants and their respective employees or agents are responsible for being aware of, and complying with ACO policies and procedures. Questions or issues regarding the policies shall be directed to the ACO Program Director or the ACO Compliance Officer

**V. ACO Compliance Officer Review, Approval and Assistance**

Any exception, change or deviation from this Policy must be reviewed and approved by the ACO Compliance Officer. The ACO Compliance Officer or ACO Program Director will be available to answer any questions and to provide assistance and advice to ACO members concerning this Policy.

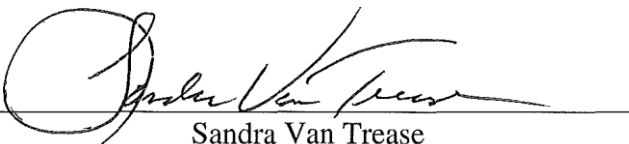
RECOMMENDED BY: BJC HealthCare ACO Board of Managers

EFFECTIVE DATE: May 2012 (Original)

REVISED DATE: January 1, 2020

REVIEWED: January 30, 2020

AUTHORIZED BY: Sandra Van Trease

  
Sandra Van Trease  
President BJC HealthCare ACO

## Attachment A

# BJC HEALTHCARE CORPORATE COMPLIANCE POLICY

**APPLIES TO:** BJC HealthCare and All BJC Members

**TITLE:** BJC HealthCare Conflict of Interest Policy

**NUMBER:** 9.0

**PURPOSE:** This policy outlines the principles and procedures used by BJC HealthCare and all BJC member organizations (collectively, “BJC”) to identify, disclose, and manage potential and actual Conflicts of Interest in such a way as to: (1) support and complement BJC’s ability to fulfill its exempt purposes and (2) further BJC’s commitment to conduct business in compliance with all applicable laws and regulations, in accordance with the highest standards of ethics and integrity.

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### **I. Statement of Policy**

It is the policy of BJC to comply with all applicable state and federal laws and regulations. This policy is intended to supplement BJC’s existing Corporate Compliance Program Plan, Handbooks and Policies by providing specific guidance regarding the identification, disclosure and management of potential or actual conflicts of interest. Compliance with the procedures outlined in this Policy is necessary to preclude the possibility that the purposes and interests of BJC will be compromised and to reduce the likelihood of the appearance of inappropriate involvement or bias in decision making functions which may reflect unfavorably upon BJC, its members of the Board of Directors/Trustees, Officers, Key Employees, Key Medical Staff Members and other Covered Individuals.

### **II. Definitions**

These definitions apply to both this policy and the annual disclosure statements.

1. **BJC:** Collectively BJC HealthCare, BJC Member Organizations, BJC Service Organizations, and their Affiliates, as defined in the System Affiliation Agreement, and any other entities which become Institutions or Affiliates as defined in and pursuant to said Agreement, as may be amended, from time to time.
2. **Business Relationship<sup>1</sup>:** For purposes of this policy, business relationships between two persons include the following:
  - a) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner.

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<sup>1</sup> See, 2010 IRS Form 990 Instructions glossary. Available at: <http://www.irs.gov/pub/irs-pdf/i990.pdf>

- b) One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner. Such transactions do not include charitable contributions to tax-exempt organizations.
- c) The two persons are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization).

Ownership is measured by stock ownership (either voting power or value) or directorship of a corporation,; profits or capital interest in a partnership or limited liability company; membership interest in a nonprofit organization,; or beneficial interest in a trust.

Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question) or ownership through multiple tiers of entities.

3. **Business Transactions:** Include, but are not limited to contracts of sale, lease, license, loans and performance of services, whether initiated during the year or ongoing from a prior year. The following transactions require specific disclosures:
  - a) Payments during the year between BJC and a Disqualified Person that exceeded \$10,000 or
  - b) Compensation of more than \$10,000 paid by BJC to a Family member of a Disqualified Person, or
  - c) Ownership, directorship or participation in joint ventures, whether new or ongoing, in which either the profits or capital interest of the organization and the Disqualified Person each exceeds ten percent (10%).
4. **Compensation:** All forms of cash and non-cash payments or benefits provided in exchange for services. Examples include, but are not limited to: salary and wages, bonuses, severance, payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization's property. Compensation may also include gifts or favors that are not nominal in nature, as described in the BJC Code of Conduct and Corporate Compliance Policy No. 8, "Gifts, Gratuities and Non-monetary Compensation to Physicians and Other Referral Sources."
6. **Covered Individual:** Every person to whom this Conflict of Interest policy applies.
7. **Directors:** Members of the Boards of Directors/Trustees.
8. **Disqualified Person as defined in IRS Code §4958 and applicable Regulations:**
  - a) Any current or former officer, director/trustee, key employee, substantial contributor, member of any grant selection committee and current voting members of BJC's governing body;
  - b) Any person who is or was in the position to exercise "substantial influence" over BJC at any time during the prior 5-year period up to the date of the transaction;

- c) A Disqualified Person's Family;
  - d) An entity that is 35% controlled by one or more Disqualified Persons and/or Family of one or more Disqualified Persons;
  - e) A donor or donor advisor to a donor advised fund held by BJC; and
  - f) An investment advisor of an organization that sponsors a donor advised fund held by BJC.
  - g) Disqualified Persons of a Supported Organization include Disqualified Persons of a Supporting Organization. For example, a Disqualified Person of a hospital includes all Disqualified Persons of a foundation that supports the Hospital.
9. **Employee:** Any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an Employee, and any other individual who is treated as an Employee for federal employment tax purposes.
10. **Family:** A Covered Individual's spouse, ancestors, brothers and sisters (whole or half-blood), children (natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren.
11. **Frequently Asked Questions (FAQs):** A quick reference document (attached as Exhibit A) addressing the questions most frequently asked regarding the BJC Conflict of Interest Policy and Disclosure.
12. **Key Employees:** Department heads, those with a title of Director and above and any other persons, designated by an Officer, who in the course of their employment may participate in activities of a sensitive nature, or be subject to actual, potential, or perceived conflicts of interests which may be of consequence to BJC. Key Employees shall also meet the following tests:
- a) Has received reportable Compensation from BJC and all Related Organizations in excess of \$150,000 for the calendar year; or
  - b) Has responsibilities, powers or influence over BJC as a whole that is similar to those of Officers, Directors/Trustees or manages a discrete segment or activity of BJC.
13. **Key Medical Staff Member:** Chief medical officers, medical directors, clinical department chairs, medical staff committee chairs, employed physicians and any other medical staff member designated by an Officer, who in the course of their affiliation with BJC may participate in activities or maintain relationships of a sensitive nature, or be subject to actual, potential, or perceived conflicts of interests which may be of consequence to BJC.
14. **Officers:** The Executive Leadership Team, Presidents and Vice Presidents.
15. **Organization:** Any corporation, partnership, or other entity.
16. **Policy:** This Conflict of Interest Policy.
17. **Related Organization:** Any entity which is either partially or totally directed or controlled by a Director, Officer, Key Employee, Key Medical Staff Member, or other Covered Individual.
18. **Substantial Contributor:** An individual or entity (including the spouse of the contributor) that gave an aggregate amount of more than \$5,000 to BJC but only if such amount is more than 2% of the total contributions and bequests received by the organization from the inception of the organization through the end of the year in which

the contributions were received. A substantial contributor generally remains a substantial contributor for all future reporting periods.

19. **Substantial Financial Interest:** Any direct or indirect financial interest in a Third Party. Without limiting the generality of the foregoing, for purposes of this Policy, a person has a Substantial Financial Interest if he or she has, directly or indirectly, through business, investment or Family (a) more than ten percent (10%) ownership, directorship, business or investment interest in or with any Third Party, (b) a compensation arrangement in or with any Third Party, or (c) a potential ownership, directorship, business or investment interest in or with any Third Party.

A “Substantial Financial Interest” does not include ownership of securities which meet all the following criteria:

- a. the securities are listed on a recognized stock exchange or are traded on a regular over-the-counter basis;
  - b. the combined holdings of the securities of the Covered Individual and members of his or her Family are relatively insubstantial in amount, constituting personal investments; and
  - c. The combined holdings of the securities of Covered Individual and members of his or her Family total less than ten percent (10%) of the outstanding securities of the Organization.
20. **Third Party:** Any organization or individual with which BJC:
- a) Has entered into, seeks to enter into or is negotiating a transaction,
  - b) Does or seeks to do business,
  - c) Has or seeks to have a financial relationship, or
  - d) Competes, including without limitation, all of BJC’s suppliers, purchasers, contractors and competitors.

### **III. To Whom does this policy Apply**

The following persons are considered “**Covered Individuals**” for the purposes of this policy.

- Directors/Trustees and committee members of the Board(s) (including the boards of BJC HealthCare and all member organizations)
- Presidents and Vice Presidents (Officers)
- Former Directors/Trustees and Officers (previous five years)
- Key Employees (Department Heads and those with a title of Director and above)
- Chief Medical Officers
- Medical Directors
- Clinical Department Chairs and Medical Staff Committee Chairs
- Employed Physicians
- “Disqualified” persons as defined in Internal Revenue Code (Code) §4958
- Substantial Contributors as defined in Internal Revenue Code (Code) §4958
- Any person designated by a President or Vice President who may participate in activities or maintain relationships of a sensitive nature, or be subject to actual, potential, or perceived conflicts of interests which may be of consequence to BJC. This includes but is not limited to members of product evaluation and purchasing teams, and those with authority or influence in purchasing decisions.



#### **IV. Policy Statement and Procedures Conflicts of Interest**

A “Conflict of Interest” potentially exists whenever Covered Individual or a related party (such as a family member, friend, or business associate) has an interest in a non-BJC party -whether investment, compensation, or otherwise - that could be reasonably perceived as influencing his or her activities in patient care, research, administrative decisions, or business transactions for BJC. Such conflicts potentially compromise the Covered Individual’s duty of loyalty to BJC. The facts and circumstances in each situation will determine whether the interest in question constitutes a potential conflict.

##### **A. Covered Individual Responsibility**

Every Covered Individual must avoid any interest, activity or relationship which conflicts with the interest of BJC. The choice of individuals or entities with which BJC may have a business relationship must be determined solely on the basis of the best interests of BJC. The self-interest of any Covered Individual must not be permitted to affect such choice. It is the responsibility of every Covered Individual to avoid or properly disclose any actual, potential, apparent or perceived conflict of interest. It should be noted that apparent conflicts of interest are as problematic as actual conflicts of interest and must be resolved just as quickly.

Accordingly, each Covered Individual shall report any of the following circumstances:

1. The Covered Individual or a member of his or her Family or any Related Organization holds a Substantial Financial Interest in a Third Party.
2. The Covered Individual, a member of his or her Family, or Related Organization is a director, officer, or key employee of, or serves as a consultant, agent, advisor or director of a Third Party.
3. The Covered Individual, a member of his or her Family, or Related Organization buys, sells, or leases any kind of property (including real estate, intellectual property and other assets), facility, or equipment to or from BJC or otherwise does business with BJC (excluding his or her services as a Director, Officer, Key Employee or Key Medical Staff Member).
4. The Covered Individual or a member of his or her Family or any Related Organization accepts gifts, loans, services, entertainment or other favors from a Third Party, except items of nominal or minor value (less than \$100.00 individually or \$300.00 in the aggregate per annum from the same source) that are clearly tokens of respect or friendship and not related to any particular transaction or activity of BJC.
5. The Covered Individual devotes material time and energy during his or her working hours to activities which are unrelated to BJC Service Organizations and which deprive BJC of the full measure of time and attention required to fulfill the demands of the position. Active participation on a part-time or freelance basis in any outside business, whether or not such business is with a Third Party, would be a potential conflict if the employed Officer's, Key Employee's, or Key Medical Staff Member's participation begins to interfere with his or her ability to devote appropriate time and attention to his or her duties and responsibilities to BJC.
6. The Covered Individual engages in activities that may divert business from BJC.



The above list of conflicts of interest is not exhaustive. It is not possible to list all situations which constitute a conflict of interest. The facts in each situation will determine whether the interest in question constitutes a potential conflict. Such facts could include the amount of business involved, the extent to which the Covered Individual could influence decisions with respect to an applicable transaction and whether the interest is of such a nature that it might affect the objectivity or business judgment of the Covered Individual.

**B. Other Employees**

If an employee is faced with a personal transaction, decision, or situation which they think may create a conflict of interest, they must report it promptly to their supervisor and the BJC Vice President of Corporate Compliance.<sup>2</sup>

**C. Agents and Contractors**

Each agent of BJC and each Organization providing services or materials to BJC is required, if requested, to disclose any relationships or activities which conflict with or may conflict with the interests of BJC or otherwise violate this Policy, including but not limited to, relationships with competitors of BJC, as well as relationships with Directors, Officers, Key Employees, Key Medical Staff Members or other Covered Individuals of BJC.

**Procedures for Managing Potential or Actual Conflicts Of Interest as Identified by this Policy**

This Policy shall be administered in the following manner:

**A. Policy Distribution**

The BJC Compliance Officer, or designee, shall provide a copy of this Policy to each Director at the time of election, to each new Officer, Key Employee and Key Medical Staff Member at the time of employment, promotion or designation, and to every Director, Officer, Key Employee, Key Medical Staff Member or other Covered Individual annually. This Policy shall also be posted on the BJC Corporate Compliance website.

**B. Annual Disclosure**

In order to assure compliance with this Policy and as a condition of continued employment for BJC employees, each Covered Individual annually is required to provide the President's Office of the respective BJC Organization and the BJC Compliance Officer with a signed statement affirming that he or she has received a copy of the Policy, has read and understands the Policy and will comply with the Policy. Each person will also confirm that he or she understands that BJC 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. The signed statement will also confirm that during the prior year and up to the date of his or her signature:

1. The Covered Individual has not devoted material time and energy during his or her working hours to activities which are unrelated to BJC and which deprive BJC of the full measure of time and attention required to fulfill the demands of the position (except as fully disclosed in the statement);

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<sup>2</sup> See BJC HealthCare Code of Conduct (rev. 6/05).

2. Neither the Covered Individual nor, to the best of his or her knowledge, any member of his or her Family or any Related Organization has had any reportable financial interest, received any grants or other assistance from BJC, or taken any action which must be reported under the Policy (except as fully disclosed in the statement);
3. Neither the Covered Individual, nor, to the best of his or her knowledge, any member of his or her Family or any Related Organization has received any substantial gifts, favors or entertainment perceived as being given to influence him or her in the performance of his or her duties on behalf of BJC (except as fully disclosed in the statement);
4. Neither the Covered Individual, nor, to the best of his or her knowledge, any member of his or her Family, have any other personal interests or activities that could compromise or appear to compromise, his or her fiduciary duty or loyalty on behalf of BJC (except as fully disclosed in the statement);
5. The Covered Individual is not currently debarred, suspended, excluded or otherwise ineligible to participate in any Federal program; and
6. The Covered Individual has never been convicted of a criminal offense related to the provision of health care items or services.

Each Director, Officer, Key Employee, Key Medical Staff Member or other Covered Individual will also affirm that he or she, on an on-going basis will immediately disclose to the appropriate person specified in the Policy any current or anticipated actual or potential interest or action which must be reported under the Policy and provide all information requested by the BJC Compliance Officer to assist in determining the existence or materiality of a potential conflict of interest.

The President and Chief Executive Officer of BJC HealthCare shall submit his or her annual statement to the Chairman of the Board of BJC HealthCare and to the BJC Compliance Officer. The President of each BJC Service Organization shall submit his or her annual statement to the President and Chief Executive Officer of BJC HealthCare, the Chairman of the Board of the respective BJC Service Organization, and to the BJC Compliance Officer.

The annual disclosure may be signed and authenticated electronically.

## **C. Managing Potential Conflicts of Interest**

### **1. Generally**

Whenever a Director, Officer, Key Employee, Key Medical Staff Member or other Covered Individual has reason to believe that a contemplated or completed action may constitute or be perceived as a conflict of interest, he or she shall submit a written description thereof to the President of the respective BJC Organization and to the BJC Compliance Officer.

Any such statement required of the President shall be submitted to the Chairman of the Board and to the BJC Compliance Officer and shall contain a detailed description of the action or disclosure. This reporting obligation shall apply to all conflicts which arise between the execution dates of the required annual statements.

The BJC Compliance Officer or designee shall review all statements and determine:

- a. The applicability of this Policy to individual fact situations,
- b. Whether a Covered Individual has a conflict of interest justifying disqualification from acting in a particular transaction, and
- c. Whether any corrective measures are warranted, up to and including resignation, termination of employment or contractual relationships, or removal of medical staff privileges.

In the event a Covered Individual is disqualified or disqualifies himself or herself from acting on a particular transaction at a Board or Committee meeting, the minutes of the meeting should reflect that a disclosure was made and that the Covered Individual abstained from voting. These procedures shall be followed:

- a. The interested Director, Officer, Key Employee, Key Medical Staff Member or other Covered Individual may make a presentation at a Board or Committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of and vote on the transaction or arrangement that involved or resulted in the conflict of interest.
- b. The Chairperson of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board or Committee shall determine whether BJC 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.
- d. If a more advantageous transaction or arrangement that would not give rise to a conflict of interest is not reasonably attainable, the Board or Committee shall determine by a majority vote of the disinterested Directors or Committee members whether the transaction or arrangement is in BJC's best interest and for its own benefit and whether the transaction is fair and reasonable to BJC and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

## **2. Participation in clinical and non-clinical Product Evaluation and Purchasing Activities;**

The Department of Supply Chain Management (SCM) will may make quality and price-driven decisions free from the influence of parties whom may have been involved in development of the product and/or have a financial interest in an associated supplier. With many technologies or devices, often the user of the technology with the best knowledge is the stakeholder who invented or is funded to study the device or technology.

For purchasing decisions, a Significant Financial Interest is defined as the total of any transfer of value in excess of \$10,000 or 5% equity ownership held in preceding 12 months from disclosure. For example, 2 consulting agreements with Company XYZ for \$5,500 and \$5,000 for the same annual period would "aggregate" to \$10,500 and be considered a significant financial interest. However, one consulting agreement with Company ABC for \$5,500 and one consulting agreement with Company XYZ for \$5,000 for the same annual period would NOT be "aggregated" and NOT considered a significant financial interest.

Whenever a Director, Officer, Key Employee, Key Medical Staff Member or other Covered Individual has reason to believe that a contemplated or completed action may constitute or be perceived as a conflict of interest, as it relates to participation in a product evaluation or purchasing role, he or she shall discuss the potential conflict with their first line leader and Supply Chain VP of Sourcing. Supply Chain will work

with the BJC Compliance Officer and Supply Plus Steering Committee to determine whether the activity:

- 1) Constitutes a minor conflict that can be managed by full disclosure to the product evaluation or purchasing team;
- 2) Constitutes a major conflict that warrants participation in sourcing specifications process but without decision rights, including being absent from final decision discussion and voting. Documentation of recusal will be noted in meeting or purchase decision minutes
- 3) Constitutes a major conflict justifying disqualification from acting in the particular evaluation or transaction;
- 4) Does not constitute a conflict of interest.

SCM decisions include, but are not limited to, the following:

1. The decision to actually purchase a product or technology (i.e., the request that a purchase order be generated)
2. The selection of a supplier for a product or technology for evaluation, competitive bid or proposal
3. The actual negotiation of a purchasing agreement or contract with a supplier of a product or technology.

#### Operational Guidelines

Teams, units or work groups participating in or considering a purchase or other decision involving an expenditure of \$100,000 or greater should use the “Disclosure Form for Potential Conflicts of Interest in Purchasing and Other Decision-Making Processes” to identify and manage financial interests for individuals. Disclosure is required for all members involved in the decision-making process, including those who initiate, review and make decisions about proposals to purchase goods or services. Disclosure information should be available to all those participating in the purchasing or decision-making process and should be included as part of the record documenting the final decision.

#### **D. Violations of the Conflicts of Interest Policy**

1. If the Board, Board Committee, or BJC Compliance Officer has reasonable cause to believe that a Director, Officer, Key Employee, Key Medical Staff Member, or other Covered Individual has failed to disclose actual or possible conflicts of interest, or otherwise violated this Policy, it shall inform the individual of the basis for such belief and afford an opportunity to explain the alleged violation or failure to disclose. If after investigation the BJC Compliance Officer substantiates the allegations, corrective action shall ensue, which may include disciplinary measures up to and including removal or resignation from office, termination of employment, and termination of medical staff membership, in accordance with applicable BJC policies, procedures and medical staff by-laws.
2. In circumstances where a Covered Individual has a significant, ongoing and irreconcilable conflict, and where such personal or outside interest, relationship or responsibility significantly impedes the Covered Individual’s ability to carry out his or her fiduciary, employment or medical staff responsibilities to BJC, resignation or separation from BJC or the conflicting interest may be appropriate and/or required.
3. In circumstances in which a violation of the Policy is also found to have resulted in a violation of law or regulations, BJC shall take appropriate action to render the activities in conformance with applicable laws or regulations.

**E. Annual Compliance Report**

The BJC Compliance Officer shall report to the BJC Audit Committee regarding (a) compliance with the annual disclosure requirements, (b) the submission of any other disclosures, (c) any determination that there are actual, potential or perceived conflicts of interest, and (d) any disqualifications or other corrective measures determined to be warranted. The BJC Compliance Officer shall make this report at a time designated by the Audit Committee. The Audit Committee shall review these reports and make its own report to the BJC HealthCare Board.

**Corporate Compliance and Legal Services Department Review, Approval and Assistance**

Any exception, change, or deviation from this Policy must be reviewed and approved by the Corporate Compliance Department and/or the Legal Services Department. These Departments will be available to answer any questions and to provide assistance and advice concerning this Policy. Questions regarding specific terms, situations, or problems may be forwarded to the Corporate Compliance Department or Legal Services Department.

**RECOMMENDED BY:** Corporate Compliance Department  
Legal Services Department

**EFFECTIVE DATE:** January 1, 1999 (Original)

**REVISED:** January 1, 2003, March 13, 2009, January 17, 2011, January 18, 2012,  
August 19, 2019

**REVIEWED BY:** Sally Terrace  
Deputy General Counsel  
August 19, 2019

## EXHIBIT A

### **BJC Conflicts of Interest FAQ**

[What is a conflict of interest?](#)

[What is BJC's Conflict of Interest policy?](#)

[Who has to complete the annual disclosure form?](#)

Definitions of Important Terms in the Disclosure

- [Who is a "Covered Individual?"](#)
- Some questions in the disclosure request information about "family." [Who is considered "family?"](#)
- [What IS considered a "significant financial interest?"](#)
- [What IS NOT considered a "significant financial interest?"](#)
- [What is considered "in the aggregate" for the de minimus amounts?](#)
- [What is considered a "business?"](#)
- [What is a "disqualified person?"](#)

[Do I have to report changes in my activities and/or interests before the next annual disclosure form due date?](#)

[Do I have to complete the disclosure if I have no activities to disclose or if my interests are less than amounts as defined in "significant financial interest?"](#)

[Who can I contact with questions?](#)

[What are the penalties if I fail to complete, sign and submit my annual disclosure ?](#)

[Will my disclosure be treated confidentially?](#)

[Who evaluates potential conflicts of interest?](#)

[What are some examples of a personal transaction, decision, or situation which may create a conflict of interest?](#)

### **What is a conflict of interest?**

The term "conflict of interest" refers to situations in which financial or other personal considerations may directly and significantly affect, or have the appearance of directly and significantly affecting a Covered Individual's professional judgment in exercising any BJC (including member entities) duty or responsibility or in the conducting or reporting of any type of research.

### **What is BJC's Conflict of Interest policy?**

The full Conflict of Interest Policy can be found on the BJC Compliance website. Generally, it is the policy of BJC that financially interested individuals may not engage in activities that have the potential to directly or indirectly

- a. affect BJC's interests;

- b. compromise objectivity in carrying out BJC's responsibilities;
- c. compromise the integrity of scientific research; or
- d. otherwise compromise the performance of BJC responsibilities,

unless the institution provides prior approval of such activities and has established a plan to manage and/or monitor the activity. In addition, a Covered Individual may not, without prior approval, conduct research in the field of his or her BJC responsibilities externally and in competition with BJC and its legitimate interests when that research is within the course and scope of his or her BJC employment.

## **Who has to complete the annual disclosure form?**

All persons who are defined as "Covered Individuals" by the Conflicts of Interest policy must complete the annual disclosure form.

## **Who is a "Covered Individual?"**

Covered Individuals include:

- Directors/Trustees and committee members of the Board(s) (including the boards of BJC HealthCare and all member organizations)
- Presidents and Vice Presidents (Officers)
- Former Directors/Trustees and Officers (previous five years)
- Key Employees (Department Heads and those with a title of Director and above)
- Chief Medical Officers
- Medical Directors
- Clinical Department and Medical Staff Committee Chairs
- Employed Physicians
- Other "Disqualified" persons as defined in Internal Revenue Code §4958
- Any person designated by a President or Vice President who may participate in activities or maintain relationships of a sensitive nature, or be subject to actual, potential, or perceived conflicts of interests which may be of consequence to BJC. This includes but is not limited to members of product evaluation and purchasing teams.

## **Some questions in the disclosure request information about "family."**

### **Who is considered "family?"**

Family includes a Covered Individual's spouse, ancestors, brothers and sisters (whole or half blood), children (natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren and great grandchildren. (*See* IRS 2010 Form 990 Instructions Glossary)



## What is considered a “significant financial interest?”

Significant financial interest means anything of monetary value, including, but not limited to,

- a) Consulting fees, honoraria (including honoraria from a third party, if the original source is a financially interested company), gifts, or “in kind” compensation from a financially interested company (or entitlement to the same), whether for consulting, lecturing, travel, service on an advisory board, or for any other purpose not directly related to the reasonable costs of conducting BJC related business or activities, that in the aggregate have in the prior calendar year exceeded the de minimis amount established in the BJC Code of Conduct (presently \$300), or are expected to exceed that amount in the next twelve months.
- b) Equity interests, including stock options, of any amount in a non-publicly-traded financially interested company (or entitlement to the same).
- c) Equity interests (or entitlement to the same) in a publicly-traded financially interested company of either \$10,000 or 5% equity ownership.
- d) Royalty income or the right to receive future royalties under a patent license or copyright, where the research is directly related to the licensed technology or work.
- e) Compensation from a financially interested company (or entitlement to interests (e.g. stocks, stock options, or other ownership interests); and intellectual property rights (e.g. patents, copyrights, and royalties from such rights).

## What is not considered a “significant financial interest?”

- a. Salary, royalties, or other remuneration from BJC
- b. Income from approved seminars, lectures, or teaching engagements sponsored by public or nonprofit entities.
- c. Income from service on advisory committees or review panels for public or nonprofit entities approved by BJC.
- d. An equity interest that, when aggregated for the employee and his or her family, meets both of the following tests: (1) does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value and (2) does not represent more than 5% ownership interest in any single entity.
- e. Interest in mutual funds where the individual has no control over the selection of holdings.

## What is considered “in the aggregate” for the de minimus amounts?

The total of all relationships with a single financially interested company exceeds \$10,000 or 5% equity ownership. For example, 2 consulting agreements with Company XYZ for \$5,500 and \$5,000 for the same annual period would “aggregate” to \$10,500 and be

considered a significant financial interest. However, 1 consulting agreement with Company ABC for \$5,500 and 1 consulting agreement with Company XYZ for \$5,000 for the same annual period would NOT be “aggregated” and NOT considered a significant financial interest.

## **What is considered a “business?”**

Business means any corporation, partnership, sole proprietorship, firm, franchise, association, organization, holding company, joint stock company, receivership, business or real estate trust, or any other legal entity organized for profit or charitable purposes.

Business excludes BJC-related entities, the meaning of which is inclusive of BJC HealthCare, the affiliated hospital(s), and any private medical practice or any other entity controlled by, controlling, or under common control with BJC or any affiliated hospital with which BJC has a contractual relationship for the purpose of providing patient care or education.

## **What is a “disqualified person?”**

“Disqualified persons” are defined by the Internal Revenue Service (Code §4958 and Applicable Regulations). Disqualified persons include:

1. Any current or former officer, director/trustee, key employee, substantial contributor, member of any grant selection committee and current voting members of BJC’s governing body;
2. Any person who is or was in the position to exercise “substantial influence” over BJC at any time during the prior 5-year period up to the date of the transaction
3. A Disqualified Persons Family;
4. An entity that is 35% controlled by one or more Disqualified Persons and/or Family of one or more Disqualified Persons;
5. A donor or donor advisor to a donor advised fund held by BJC;
6. An investment advisor of an organization that sponsors a donor advised fund held by BJC; and
7. Disqualified Persons a Supported Organization include Disqualified Persons of a Supporting Organization. For example, a Disqualified Person of a hospital includes all Disqualified Persons of a foundation that supports the Hospital.

For any additional questions on “disqualified persons,” please contact BJC Corporate Compliance at [bjc-conflict\\_of\\_interest@bjc.org](mailto:bjc-conflict_of_interest@bjc.org).

## **Do I have to report changes in my activities and/or interests before the next annual disclosure form due date?**

Yes. Any changes, additions or elimination of activities and/or interests must be reported by submitting an updated evaluation form within 30 days of the change, addition or elimination to the President's Office of the respective BJC Organization and the BJC HealthCare Compliance Officer

## **Do I have to complete the disclosure if I have no activities to disclose or if my interests are less than amounts as defined in “significant financial interest?”**

Yes. Covered Individuals (see above) must complete and sign the annual disclosure. If you have no activities or your interests are less than the amounts as defined in “significant financial interest”, you should respond accordingly to the questions.

## **Who can I contact with questions?**

Questions concerning the interpretation or applicability of this policy should be directed to the BJC HealthCare Compliance Department at [bjc-conflict\\_of\\_interest@bjc.org](mailto:bjc-conflict_of_interest@bjc.org).

## **What are the penalties if I fail to complete, sign and submit my annual disclosure form?**

Instances of deliberate breach of policy including, but not limited to, failure to file or knowingly filing an incomplete, erroneous, or misleading disclosure form, violations of the guidelines or failure to comply with prescribed conflict of interest monitoring procedures, will be adjudicated in accordance with applicable disciplinary policies and procedures for each Covered Individual.

Possible sanctions may include some or all of the following actions:

- 1) termination of the activity that is a conflict of interest;
- 2) divestiture of significant financial interests;
- 3) disciplinary action up to and including termination of employment.
- 4) In the case of a violation of criminal or civil law, violators may be subject to civil or criminal penalties.

## Will my disclosure form be treated confidentially?

The forms will be considered confidential; and the information disclosed in the forms will be available only to individuals duly charged with the responsibility for review. However, the information may be released in accordance with and as required by law or lawful court order.

## Who evaluates potential conflicts of interest?

The BJC HealthCare Compliance Officer or designee shall review all statements and determine:

- d. The applicability of this Policy to individual fact situations,
- e. Whether a Covered Individual has a conflict of interest justifying disqualification from acting in a particular transaction, and
- f. Whether any corrective measures are warranted, up to and including resignation, termination of employment or contractual relationships, or removal of medical staff privileges.

The Compliance Officer will collaborate with appropriate organizational leaders to manage the conflict.

## What are some examples of a personal transaction, decision, or situation which may create a conflict of interest?

Examples include, but are not limited to:

### *Potential conflicts for all Covered Individuals:*

- You receive payment for speaking engagements not previously approved by BJC.
- You receive direct or non-monetary compensation (or travel) to promote a medical device/drug.
- You serve on the scientific board of a manufacturer or supplier.
- In some cases, you receive monetary or non-monetary compensation from BJC such as (but not limited to):
  - First class or spousal travel
  - Health or social club dues
  - Tax indemnification
  - Discretionary spending accounts
  - Housing allowance or other loan
  - Monetary compensation not reported on your W-2
- You or a family member receives grant money from a BJC entity (when you are in a position to influence the choice of recipients).
- You receive gifts from vendors (E.G. Sports or concert tickets, trips, etc.).

- You sell personal or business assets to BJC for above-market price.

***Potential conflicts of interest for Presidents/ Vice Presidents and other “key employees:”***

- You select (or influence the selection of) a company owned by you or a family member to provide goods or services to BJC.

***Potential conflicts of interest for Directors/Trustees and Committee Members of BJC Board(s):***

- You sit on a BJC board and also providing professional services (e.g. legal, accounting, consulting, etc.) to an entity which BJC owns either totally or partially.
- You promote a company in which you or a family member has an ownership interest during a contract allocation process (outside of the standard competitive bidding process).

***Potential conflicts of interest for Chief Medical Officers, Medical Directors, Clinical Department/ Medical Staff Committee chairs:***

- You serve as a Chief Medical Officer, Medical Director, Clinical Department/ Medical Staff committee chair at any BJC facility and also holding an ownership interest in a local for-profit healthcare provider (e.g. Nursing home, Imaging Center, Rehabilitation Center, etc.)
- You serve as medical director of competing health care provider (e.g. a local surgical center).

***Potential conflicts of interest for Substantial Contributors***

- A business in which you have an ownership interest contracts to provide goods or services to the organization for which you are a “substantial contributor.”

