



**HUMAN RESOURCES
POLICIES & PROCEDURES**

SUBJECT:

ETHICS AND CONFLICTS OF INTEREST

POLICY

A. Purpose

1. This policy applies to NAH and its subsidiary corporations, partnerships and entities. References to NAH will include NAH and all other related entities.
2. NAH is a nonprofit corporation organized to serve the public by providing high quality health care and related services. NAH recognizes that it has a duty to operate in the interest of the public it serves. It is the policy of NAH to conduct its activities in accordance with the highest ethical and legal standards.
3. NAH recognizes that its public benefit status imposes important obligations on its employees. NAH Employees ("Employees") hold a duty of loyalty and care in fulfilling their professional obligations.
4. Ethical conduct is the responsibility of every Employee. NAH has adopted this Ethics Policy and the NAH Code of Conduct to guide its Employees. This policy should be interpreted liberally, because NAH's intent is to conduct its activities in accordance with the highest standards and to avoid even the appearance of impropriety.
5. This policy cannot provide an answer to every ethical question that will face NAH Employees. In cases of uncertainty, Employees should seek the advice of their immediate supervisor or Department Director. In addition, Employees who have questions regarding this policy may also contact their Service Unit Human Resources Department.

B. General Ethical Standards

1. **Quality of Services.** NAH and its Employees:
 - a. Must strive to maintain and improve the quality of health care and other services provided to the public;
 - b. Must deliver health care and other services that give recipients of its services the highest degree of safety and confidence; and
 - c. Must not tolerate improprieties.
2. **Compliance with Laws and this Policy.** It is NAH's policy to comply with all applicable laws. No Employee may engage in any transaction or activity on NAH's behalf which would violate any applicable law or the standards set forth in this policy or the NAH Code of Conduct.

APPROVED: Bruce Blankenship
NAH, Vice President of Human Resources
(Signature on original filed in Administration)

DATE REVISED: 08/03/00
DATE REVIEWED: 11/03/03

3. **Duty of Care and Supervision.** Employees are required to perform their duties honestly, in good faith and with diligence. Those who have supervisory responsibility are required to use due care in supervising and periodically inquiring into the actions of those to whom day-to-day decisions are delegated.
4. **Confidentiality.** Employees must keep confidential all information about NAH's activities, management and transactions and will not use, give to others or help others use such information except in the course of their duties for NAH or with the prior written consent of the President/CEO.

PROCEDURE

A. Conflicts of Interest

1. **General Statement.** A conflict of interest will be considered to exist in any instance in which the activities of an Employee may involve a personal gain or benefit to the Employee or the Employee's family. Therefore:
 - a. Employees will exercise good faith in all transactions touching upon their duties. They will not use their position or knowledge gained there from in such a way as to obtain personal benefit or gain. Employees' conduct shall be motivated solely for the best interest of NAH.
 - b. NAH will not enter into agreements with entities whose partners, members, owners, significant investors or executive employees are directors, officers or Employees of NAH unless specific authorization is obtained from the President of the respective service unit. Persons representing NAH will not participate in corporate decisions in which they have any conflicting interest.
2. **Avoid Conflicts.** Employees should avoid any situation or interest that might interfere with his or her judgment in exercising responsibilities for NAH. The most common "Conflicts of Interest" include:

Business Transactions: Entering into any transaction to which NAH is a party, including any sale, lease or exchange of property to or from NAH.

Loans: Lending money to or borrowing money from NAH.

Compensation: Payment of compensation by or to NAH, except compensation of officers and Employees in accordance with NAH's customary personnel policies and procedures.

Favors: Accepting money or something of value in order to influence NAH's decision about a transaction, loan or compensation.

Competition: Engaging, or having an interest in, any activity that is in competition with NAH.
3. **Affiliates.** An Employee may have a Conflict of Interest either directly, because of his or her own interests, or indirectly because of the interest of an "Affiliate." An Affiliate includes (1) the members of a person's immediate family, and (2) any business enterprise in which a person, or an immediate family member, is a director, trustee, officer, partner, general manager, substantial shareholder, beneficial owner, member or owner of a direct or indirect financial interest.
4. **What to do if a Conflict of Interest cannot be avoided.** An Employee who has a Conflict of Interest must take the following steps:

- a. **Report.** Report the Conflict of Interest to his or her immediate supervisor, including full disclosure about the Conflict of Interest and why it exists.
 - b. **Avoid Participation.** Do not vote on, participate in or attempt to influence any NAH decision affected by the Conflict of Interest. If an Affiliate engages, or has an interest in, an activity that is in competition with NAH, the Employee should avoid receiving information about such competitive activities.
 - c. **Keep Information Confidential.** Employees must keep all information regarding NAH confidential. An Employee who has access to confidential information about NAH may not (1) compete with NAH, (2) participate in any Affiliate's activities that compete with NAH, or (3) allow any Affiliate access to confidential information about NAH.
5. **Gifts, Contributions and Payments**
- a. **Gifts and Entertainment.** Employees will not give or receive, directly or indirectly, payments, gifts, entertainment or other favors of more than nominal value, or hospitality or entertainment in excess of usual and reasonable limits, which (1) are in any way connected with the activities of NAH, or (2) might place the Employee under an obligation to a third party in connection with NAH activities. Rather than defining "nominal" with a specific dollar value, NAH expects its Employees to exercise good judgment in accepting gifts and favors. If an Employee has any concern whether a payment, gift or entertainment should be accepted, he/she should consult with his/her immediate supervisor or the NAH Corporate Compliance Department.
 - b. **Political Contributions.** Any political contribution or expenditure by NAH, including transportation or other services at its expense, and reimbursement of any Employee's political contribution, is prohibited by law and by NAH policy. NAH encourages lawful participation of its Employees as private citizens in the political process.
 - c. **Lobbying.** In accordance with law, no substantial part of the activities of NAH may involve lobbying expenditures. In order to ensure that all lobbying expenditures comply with this limit and other requirements of law, all lobbying expenditures must be approved by the President/CEO.
 - d. **Illegal or Unethical Payments.** Employees are prohibited from giving, offering or accepting anything that can be construed as a bribe, kickback or an illegal or unethical payment in connection with NAH or its activities. Any Employee who receives such an offer will report it immediately to the President/CEO.
6. **Benefits from Business Transactions.** Employees, or their Affiliates, may not benefit personally from any purchase by or sale to NAH of goods or services or derive personal gain from business transactions involving NAH, except when the circumstances have been fully disclosed to and approved by the President/CEO.
7. **Loans.** Employees may not loan to or borrow from others who have a business relationship or compete with NAH, except transactions with financial institutions in accordance with normal business practices.
8. **Outside Income**
- a. **Outside Work.** NAH officers and executive Employees will not work for or receive income from any business enterprise other than NAH (other than dividends and interest from publicly traded securities or similar investments), unless the relationship has been disclosed to and approved by the President/CEO.
 - b. **Other Outside Income.** Employees will not accept compensation from outsiders for services to or time spent on behalf of NAH.

9. **Use of NAH Resources.** Employees will not use, or permit others to use, NAH Employees, material, equipment or other property for business or personal purposes, unless for reasonable compensation and then only after disclosure to and approval by the President/CEO.
10. **Insider Trading.** If an Employees knows NAH is considering whether, or has decided, to buy or sell a security or interest, the Employee will refrain from (a) knowingly buying or selling the security or interest for his or her account or for an Affiliate's account, or (b) transmitting knowledge of NAH's deliberations, or other information potentially prejudicial to NAH's interest, to any person except in connection with the Employee's responsibilities to NAH.
11. **Business and Accounting Practices**
 - a. **Accurate Records.** Employees who are responsible for any of NAH's accounting or other records will maintain such records, or cause them to be maintained, in such a way that they reflect the true nature of the transactions, account balances and other information with clarity and completeness.
 - b. **Unauthorized Accounts.** Employees may not establish for any purpose an unauthorized, undisclosed or unrecorded fund or asset account for NAH's money or assets.
 - c. **Irregular Transactions.** Employees may not allow transactions to be structured or recorded in a way that is not consistent with normal business practice.
 - d. **Advice.** Employees should seek the advice of their immediate supervisor, Department Director, or the NAH Corporate Compliance Department, in any case where unusual or questionable arrangements are proposed in connection with an NAH transaction.
12. **Anti-Trust Compliance.** Although NAH is a nonprofit corporation, the services it offers are provided in a competitive market. In accordance with the anti-trust laws, it is NAH's policy that it will independently determine the cost and other terms for its services. Accordingly, no Employee will discuss cost or other terms for NAH's services with other enterprises which are in competition with NAH.
13. **Conflict of Interest Questionnaire**
 - a. **Annual Completion.** Annually, or more often as needed, each exempt Employee will complete and sign a Conflict of Interest Disclosure Questionnaire/Statement which will help identify any potential areas of Conflict of Interest (see attached form). This process will be coordinated through NAH's Human Resources Department.
 - b. **Other Use.** Employees may also use the Questionnaire to report any new information or change in the Employee's circumstances.
 - c. **Report to Board.** The President/CEO will give the Board of Directors a summary of reported Conflicts of Interest under this policy at least annually.
14. **Examples of Conflicts of Interest.** The following are examples of situations or circumstances which have the potential to create a Conflict of Interest and should be disclosed. This list is not exhaustive, but outlines the more common conflict areas.

- < Investment or other financial interest in a purchaser, supplier, or competitor of NAH.
- < Employment with a firm which is a purchaser, supplier, or competitor of NAH.
- < Board of Director membership of a purchaser, supplier, or competitor of NAH.
- < Acceptance of substantial gifts or excessive entertainment from firms or individuals which have a business relationship with NAH.
- < Outside employment that affects working effectiveness.
- < Outside employment or business interest that could benefit from involvement with NAH (use of position for personal gain).
- < Participation in regulatory, civic, or professional organizations that might involve divulging confidential data.
- < Sale of NAH assets (including inventory items) to directors, officers, employees, or outside parties.
- < Improvement or maintenance of a director's, officer's or employee's property using NAH assets.
- < Association or use of NAH's name with an outside business or activity not authorized by the President/CEO.
- < Holding public office that may require participation in setting policies that would affect NAH.
- < Hiring or supervising a member of your immediate family.

Attachments: Conflict of Interest Disclosure Questionnaire/Statement

References: HR Policies and Procedures

NAH policies: Board of Directors Policy #4.0 (Conflict of Interest); CCP 100-19 (Code of FMC policies: Board of Directors Policy #4.5 (Conflict of Interest)

VVMC policies: Board of Directors Ethics and Conflicts Policy; Hospital Policy #100-32 (Ethical Concerns in Patient Care)

Northern Arizona Healthcare

Conflict of Interest Questionnaire/Statement

Background

Northern Arizona Healthcare (NAH) has adopted a policy on Conflict of Interest which directs that all those in a decision-making capacity will exercise good faith and not use their positions or the knowledge gained from them, in such a way that a conflict may arise between their personal interest and those of NAH.

What is a Conflict of Interest?

A Conflict of Interest is any substantial interest of a decision-maker (board member, administrator or manager) or his family in a contract, sale, purchased service, or financial decision of a corporation. If you or a family member stands to gain a financial benefit as the result of a decision made by NAH, you probably have a Conflict of Interest.

What Should You Do if you Have a Conflict of Interest?

Acknowledge the Conflict. Disclose the nature of the conflict to your immediate supervisor or Department Director before a decision involving the area of conflict is made.

Refrain from taking part in the decision-making process. Do not vote, discuss or influence the decision in any way.

Instructions for completing this document:

The following questionnaire has been devised to assist you in identifying any potential areas of Conflict of Interest. Although it is impossible to list every circumstance giving rise to a possible Conflict of Interest, the following definitions and examples will serve as a guide to the types of activities that might cause Conflicts and should be reported. Please remember that disclosure relates not only to yourself, but also your family and close relatives. If you are in doubt about a situation or relationship, it is best to list it in order to permit impartial and objective consideration.

I. **Outside Interests**

- A. **Definition:** To hold, directly or indirectly, a position or a material financial interest in any outside concern from which you have reason to believe NAH secures goods or services, or that provides services competitive with NAH.

Example: Your brother owns a local office supply store where NAH purchases its office supplies. This poses a potential conflict and should be listed in response to Question 2. In addition, you should abstain from any decision-making regarding the purchase of office supplies.

- B. **Definition:** To compete, directly or indirectly, with NAH in the purchase or sale of property or property rights, interests or services.

Example: Your spouse is a local real estate broker. This should be listed after Question No. 3.

Questions

- 1. Do you (or a close relative) hold a financial interest or position of influence in any firm or organization from which NAH and related companies obtains goods or services (including banking, securities, legal or any other related goods or services)?

 No Yes

describe:

- 2. Do you or a member of your family have investments of a substantial nature in any firm or organization from which NAH or related companies obtains goods or services?

 No Yes

describe:

- 3. Are you (or a close relative) involved directly or indirectly in any activity or transaction which might affect NAH in the purchase or sale of real estate and other tangible or intangible property, rights or interests?

 No Yes

describe:

II. Outside Activities

A. **Definition:** To render directive, managerial, or consultative services to any outside concern that does business with, or competes with, the services of NAH or to render other services in competition with NAH.

Example: In addition to your work for NAH, you are paid for after-hours consulting to a new hospital in another area of Arizona. Any healthcare related consulting should be listed after Question No. 5.

Questions:

4. Are you (or a close relative) a director or trustee of any firm or organization which does business with, or competes with NAH?

// No // Yes

describe:

5. Do you (or a close relative) offer any managerial or consulting services to any firm or organization which does business with or competes with NAH?

// No // Yes

describe:

Questions:

III. Gifts, Gratuities, Entertainment

A. **Definition:** To accept gifts, excessive entertainment, or other favors from any outside concern that does, or is seeking to do, business with or is a competitor of NAH, under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the individual in the performance of their duties.

Please note: This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and not related to any particular transaction of activity of NAH.

Example: You receive free gas for your family car in exchange for agreeing to purchase all Guardian Ambulance fuel from a specific local gas station.

6. Have you or any member of your family accepted gifts, gratuities, or entertainment that might influence your judgment or action concerning NAH?

// No // Yes

describe:

IV. **Inside Information/Other Interests**

A. **Definition:** To disclose or use information relating to NAH's business for the personal profit or advantage of the individual or their family.

Questions:

7. Have you or any of your close relatives engaged in this or any other activities which could possibly be regarded as conflict of interest?

// No // Yes

describe:

In fulfillment of the requirements of the NAH policy on Conflict of Interest, I have listed above all ownership, employments, public and private affiliations, and other financial relationships held by me or my relatives which may constitute a substantial interest.

I also understand that I have a continuing responsibility to observe and apply the provisions of this policy. As my interests and those of my relatives change, I may need to modify this statement by reporting any further situations that may develop prior to completion of my next questionnaire.

I understand that I may not vote, influence, or participate in any way on any matter which I, or any of my relatives, have a substantial interest.

I further understand that the aforementioned statements apply to NAH, as well as any of its subsidiaries.

DATED THIS _____ DAY OF _____, _____.

Signature _____

Name Printed _____

Title _____