

Applicable to (select one):

All Divisions of UPH:  X

UPH Hospital: \_\_\_\_\_

UPH Practice Plan: \_\_\_\_\_

## UNIVERSITY PHYSICIANS HEALTHCARE POLICY/PROCEDURE

**SUBJECT:** **CONFLICTS OF INTEREST**

**POLICY NUMBER:** A-103

**Responsible Administrator:** Compliance Officer

**Approval Date:** 12/10/98

**Revision Dates:** 08/05, 09/06, 11/06, 2/11

### **PURPOSE:**

To protect the interest of University Physicians Healthcare (“UPH”) when it contemplates entering into a transaction or arrangement that might benefit the private interest of a Covered Person or might result in a possible excess benefit transaction. UPH preserves integrity and independence in decision-making and exercising judgment in conducting its affairs. To maintain integrity and independence through identification, assessment and either eliminated or appropriate management of conflicts of interest (“COI”). This Policy is intended to supplement but not supersede applicable state and federal laws governing conflicts of interest.

### **APPLICABLE TO:**

Covered Persons who might have a Financial Interest that has the potential to compromise or bias the judgment or objectivity of the Covered Person, create the appearance of such potential or create an excess benefit for such person.

### **DEFINITIONS:**

1. Conflict of Interest (or “COI”). A COI might exist if a Covered Person has a direct or indirect Financial Interest that has the potential to compromise or bias the judgment or objectivity of the Covered Person or create the appearance of such potential.

2. Covered Persons Include: (1) Directors and Officers of the Board; (2) Members of Board Committees; (3) Department Directors and Heads; (4) Service Chiefs; (5) Clinical Practice Administrators and Managers; (6) Officers of UPH; (7) UPH licensed independent practitioners (“LIPs”) and/or staff that affect or have the potential to affect the safety or quality of care, treatment and services.

3. Family Member. Includes spouse, parents, step-parents, grandparents, siblings (whole or half blood) children (natural or adopted) grandchildren, great-grandchildren, spouses of siblings and individuals residing in the same home.

2. Financial Interest. A Financial Interest exists if a Covered Person or Covered Person’s Family Member has a direct or indirect, through business, investment or family:

2.1 Ownership or investment interest in UPH; or,

2.2 A compensation arrangement with UPH (e.g. employee, independent contractor, consultant, substantial gifts or favors); or,

2.3 A potential ownership or investment interest in, or compensation arrangement with UPH.

- 2.4 Any interest or relationship that would place the Covered Person or Family Member to be in a position to exercise substantial influence over the affairs of UPH.
3. Interested Person. A Covered Person who has a Financial Interest.
4. UPH. University Physicians Healthcare, including University Physicians Healthcare Hospital (“UPHH”) and UPH Health Plan Division (“UPHP”).

**POLICY:**

Covered Persons are prohibited from making or attempting to influence decisions on behalf of UPH when the Covered Person has a Financial Interest in the decision, unless the COI is properly disclosed and the COI is appropriately managed or eliminated. Although a Financial Interest does not necessarily create a COI, it is important that any such Financial Interest is identified and evaluated prior to a decision being made that could be biased by the Covered Person or UPH.

**PROCEDURES:**

**1.0 Duty to Disclose.** Each Covered Person has an affirmative and continuing obligation to disclose Financial Interests and all material facts to the Board or committee of the Board so that it may consider the proposed transaction or arrangement. Covered Persons shall complete a Disclosure Statement (Exhibit A) each year as part of an annual COI disclosure process. Full and accurate completion of the Disclosure Statement is a condition of employment for UPH employees and failure to do so may constitute grounds for employee discipline. Covered Persons are responsible for revising and/or supplementing the Disclosure Statement circumstances change.

**2.0 Procedures for Addressing the COI.**

- 2.1 The Compliance Department in consultation with the Legal Department will perform an initial review of all submitted Disclosure Statements to identify potential COIs. If a determination is made that a potential COI exists, the UPH Compliance Department will forward the COI Disclosure Form to the Board or COI Committee, as designated by the Board. Reports of potential COIs received by others will be processed pursuant to this process.
- 2.2 Upon receipt of the potential COI information, the Board (“Board” hereinafter shall refer to the applicable UPH or UPHH Board) or COI Committee shall review the information and may request additional information from the Covered Person or may request the Covered Person to appear before the COI Committee to discuss the potential COI. A Covered Person may also request to participate in the COI Committee discussion. However, the Covered Person shall neither participate in deliberations nor vote on any decision pertaining to the potential COI and shall be excused from the room prior to deliberation and vote.
- 2.3 The COI Committee Chairperson may appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- 2.4 The COI Committee shall determine whether UPH can obtain with reasonable efforts, a more advantageous transaction or arrangement from another person or entity that would not raise a potential COI.
- 2.5 If a more advantageous transaction or arrangement is not reasonably possible under circumstances that do not result in a COI, the COI Committee shall determine by a majority vote whether the transaction or arrangement is in the best interest of UPH, whether it is fair and reasonable and whether the COI can be appropriately managed or eliminated. If so, then the COI Committee may vote to waive the COI and enter into the transaction or arrangement. The COI Committee shall impose conditions to appropriately manage the COI.
- 2.6 If the above referenced process is conducted by a COI Committee of the Board, the whole Board must ratify the decision.

2.7 The Board determination of the existence of a COI is not subject to appeal by the Covered Person.

**3.0 Violations of COI Policy.** If a Covered Person fails to disclose an actual or potential COI, the COI Committee shall afford the Covered Person an opportunity to explain the alleged failure to disclose. The COI Committee may take or direct appropriate disciplinary or corrective action.

**4.0 Records.** COI Committee and Board minutes shall include the names of Covered Persons who were found to have a Financial Interest and the decision as to whether a COI existed, whether disclosure was self reported or reported by another person, the names of persons present for discussions and votes relating to the transaction, including alternatives discussed and a record of votes in connection with the proceedings.

**5.0 Disclosure Statement.** On an annual basis or at such time that a potential COI is identified by a Covered Person, Covered Persons shall execute a Disclosure Statement. Covered Persons shall also affirm that s/he:

- 5.1 Has received a copy of the COI Policy and has read and understands the Policy and agrees to comply with the Policy.
- 5.2 Understands that UPH is charitable and in order to maintain its tax exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**6.0 Periodic Reviews.** To ensure that UPH operates in compliance with charitable purposes and does not engage in activities that could jeopardize a tax-exempt status, the Board or its delegee may conduct periodic reviews, which shall address:

- 6.1 Whether compensation arrangements and benefits are reasonable, at a fair market value and the result of arms length bargaining.
- 6.2 Whether arrangements and transactions conform to applicable policies, are properly recorded and further charitable purposes and do not result in private inurement, impermissible benefit or an excess benefit transaction.

**7.0 Additional LIP Requirement.** If a LIP has a direct financial interest in a separate diagnostic or treatment agency or in non-routine goods or services that the patient is being prescribed and if the prescribed treatment, goods or services are available on a competitive basis, the LIP shall disclose the financial interest to the LIP's patients. Disclosure shall be made on a Notice to Patients Form that this prescribed by the Arizona Medical Board (the currently effective Notice to Patients Form is attached) (Exhibit B). The Notice to Patients Form original shall be filed in the medical record and a copy provided to the patient.

**8.0 Additional UPH Hospital ("UPHH") Requirements.**

8.1 UPHH shall review its relationships with other care providers, educational institutions, manufacturers and payors to determine whether COIs exist and whether they are legal. Identified COIs shall be discussed with the Legal Department and forwarded to the Board for consideration.

8.2 Policies, procedures and information about the relationship between care, treatment and services and financial incentives are available upon request to patients and individuals who work in UPHH, including staff and LIPs.