



Current Status: Active

PolicyStat ID: 9529425



Frederick Health

Origination: 05/2014
Effective: 03/2021
Last Approved: 03/2021
Last Revised: 06/2019
Next Review: 03/2024

Owner: *Christian Gomes:*
Director FIHN Ops & Phys
Area: *FIHN*

Standards & Regulations:

References:

Conflict of Interest Policy, FIHN 104

Article I Purpose

The purposes of this Conflict of Interest Policy are: (i) to protect Frederick Integrated Healthcare Network (FIHN)'s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer of FIHN or a member of the FIHN Board of Managers or might result in a possible excess benefit transaction; (ii) to ensure that FIHN leadership understands the organization's commitment to operating with the highest ethical standards; and (iii) to promote policies and procedures focused on transparency in an effort to maintain and enhance trust and confidence in FIHN's operations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest.

Article II Definitions

1. Interested Person

Any member of the FIHN Board of Managers (each a "Manager" and, collectively, the "Managers"), an officer of FIHN, or member of a FIHN committee with governing board delegated powers, who (or whose immediate family member) has a direct or indirect financial interest, as defined below. The FIHN Board of Managers may also determine, based upon all the facts and circumstances (and if necessary with the advice of legal counsel) that any other person in a position to exercise substantial influence over FIHN shall be treated as an Interested Person with respect to a particular contract, transaction, or arrangement.

2. Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business investment, or family:

- a. An ownership or investment interest in any entity with which FIHN has a transaction or arrangement,
- b. A compensation arrangement with FIHN or with any entity or individual with which FIHN has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FIHN is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Managers decide that a conflict of interest exists.

Article III Procedures

1. **Duty to Disclose**

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the FIHN Board of Managers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists and Addressing the Conflict.**

After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the FIHN Board of Managers meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Managers shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

- a. An Interested Person must make a full disclosure of the Financial Interest and all material facts to the FIHN Board of Managers, which may include a presentation by the Interested Person at a FIHN Board of Managers meeting. After making any such presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest. Under no circumstances shall the Interested Person vote on or be present for the discussion or any vote regarding the transaction at either the full Board, or any subcommittee of the Board, meetings except to answer questions that may be asked of him or her.
- b. Upon a determination that a conflict of interest does exist, the chairperson of the FIHN Board of Managers shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the FIHN Board of Managers shall determine whether FIHN can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the FIHN Board of Managers shall determine by a majority vote of the disinterested Managers whether the transaction or arrangement is in FIHN's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflicts of Interest Policy**

- a. If the FIHN Board of Managers has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to immediately explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the FIHN Board of Managers determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including without limitation removing such member from the Board and/or taking measures to terminate any arrangement that presents an undisclosed conflict of interest.

Article IV

Records of Proceedings

The minutes of the FIHN Board of Managers shall contain:

- a. The names of the persons who disclosed or otherwise we found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the FIHN Board of Managers' decision as to whether a conflict of interest in fact existed.
- b. 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 with the proceedings.

Article V

Compensation

- a. A voting member of the FIHN Board of Managers who receives compensation, directly or indirectly, from FIHN for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FIHN for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the FIHN Board of Managers or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FIHN, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

Each Manager, principal officer, and member of a committee with FIHN Board of Managers delegated powers shall annually sign the FIHN Board of Managers and Committee Potential Conflict of Interest Disclosure Form which affirms such person:

- a. Has received a copy of this Conflicts of Interest Policy,
- b. Has read and understands the Policy,
- c. Has agreed to comply with the Policy.
- d. Has disclosed any Conflict of Interest as required pursuant to this Policy.

Article VII

Periodic Reviews

To ensure FIHN operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status or otherwise violates FIHN's ethical standards, periodic reviews shall be conducted by the FIHN Compliance Officer and the results shall be reported to the full Board of Managers. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to FIHN's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
- c. Whether any arrangements with Interested Persons present a Conflict of Interest, and if so, whether such arrangement(s) have been approved in accordance with this Policy.
- d. Whether any unapproved or inappropriate Conflicts of Interest exist with any Interested Person.

Article VIII Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, FIHN may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the FIHN Board of Managers of its responsibility for ensuring periodic reviews are conducted.

RELATED DOCUMENTS:

Frederick Integrated Healthcare Network (FIHN) Board of Managers and Committee Potential Conflict of Interest Disclosure Form (attached to this policy)

Attachments

[Board of Managers and Committee Potential Conflict of Interest Disclosure Form](#)

Approval Signatures

Step Description	Approver	Date
Senior Leader Approval	Jennifer Teeter: VP Clin Integration & Con	03/2021
	Christian Gomes: Director FIHN Ops & Phys	03/2021
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