

Subject: Conflict of Interest

Manual: Administration

Policy #: AD1402

Section: Compliance

Page: 1 of 7

Distribution: All HonorHealth Facilities

Approved by: Audit & Compliance Services

Review Dates: 11/23/2016, 11/6/2017, 11/2/2018, 9/16/19

Effective Date: 12/11/2013

POLICY:

1.0 INTRODUCTION

HonorHealth's ability to provide high quality medical care depends upon the integrity of each person involved and the confidence of the community it serves. All individuals responsible for carrying out HonorHealth's mission, whether in a compensated role or not, and whether employed by HonorHealth, have an obligation to HonorHealth. The appearance of a Conflict of Interest arises when there is a divergence between an individual's personal interests and his/her professional obligations to HonorHealth, other medical staff, patients, and employees, such that an independent observer might reasonably question whether the individual's professional actions or decisions are affected by consideration of personal gain, financial or otherwise. A Conflict of Interest depends on the situation and not the character of the individual.

2.0 DEFINITIONS

Board. Board shall mean the HonorHealth Board of Directors and the governing bodies of its wholly owned subsidiaries.

Board Committee. Board Committee shall mean the Board committees of HonorHealth's Board.

Business Enterprise. A Business Enterprise means a commercial business venture.

Compensation. Wages, commissions, fringe benefits, royalties, honoraria, fees, and any and all other direct or indirect remuneration, as well as gifts or favors that are material in nature to potentially affect one's judgment.

Conflict of Interest. A Conflict of Interest (COI) may result from an Interested Person having a Position, Financial Relationship, or engaging in a Prohibited Activity that would benefit the Interested Person or a Family member at the expense of HonorHealth that

SUBJECT: Conflict of Interest	Policy #: AD1402	Page 2 of 8
-------------------------------	------------------	----------------

could give the appearance of such a benefit. Just because a person doesn't make good on the conflict doesn't mean that a conflict doesn't still exist and may need to be managed or eliminated in order to protect the reputation and good name of HonorHealth.

Debt Interest. Ownership of debt or debt securities owed or issued by an entity or individual, whether secured or unsecured, including without limitation:

- loans, notes, bonds, unsecured loans backed by credit instead of an asset, and any other evidence of indebtedness or liability for borrowed money; and
- any rights, warrants or options, or other securities that are exercisable, exchangeable or convertible for or into any of the foregoing.

Disclosure. Disclosure shall mean promptly providing a full description of the material facts of a Position, Financial Relationship, or Prohibited Activity.

Disclosure Statement. Disclosure Statement is the electronic form utilized to disclose Positions, Financial Relationship and Prohibited Activities annually and whenever a new interest or relationship occurs throughout the year.

Equity Interest. Ownership of equity securities issued by an entity, including without limitation:

- in the case of a corporation, capital stock;
- in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock;
- in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited);
- any other interest or participation that confers the right to receive a share of the profits and losses of or distributions of assets of the issuing entity; and
- any rights, warrants or options, or other securities that are exercisable, exchangeable or convertible for or into any of the foregoing.

Financial Relationship. An Interested Person has a Financial Relationship with respect to a potential contract, transaction, or arrangement if the Interested Person, directly or indirectly, through business, investment or a member of his or her Family:

- has or anticipates acquiring a Debt Interest or Equity Interest with respect to any entity or individual that provides goods or services to, or has any other contract, transaction, or arrangement with an HonorHealth Facility or is negotiating such a contract, transaction, or arrangement, if such interest exceeds the lesser of (i) \$5,000 in fair market value, or (ii) 5% of the outstanding debt/debt securities

SUBJECT: Conflict of Interest	Policy #: AD1402	Page 3 of 8
-------------------------------	------------------	----------------

owed/issued by the entity or individual, or equity securities issued by the entity, as applicable; or

- receives or anticipates receiving Compensation from an HonorHealth Facility or from any entity or individual that provides goods or services to, or has any other contract, transaction, or arrangement with an HonorHealth Facility or is negotiating such a contract, transaction, or arrangement.

Family. Family members include an Interested Person's spouse, significant other, ancestors (including parents, grandparents and great-grandparents), brothers and sisters (whether whole or half-blood), and children (natural or adopted), and grandchildren. Family also includes, the brothers, sisters, children, and grandchildren of an Interested Person's spouse or significant other.

Interested Person. For purposes of applying this Policy to any Proposed Transaction, the term "Interested Person" shall mean any person who is in a position to exercise substantial influence over an HonorHealth function or department. Interested Persons may include, but are not limited to (i) Board members; (ii) Board Committee members; (iii) Officers; (iv) Executives; (v) Medical Directors; and (vii) any other employee or class of employees of HonorHealth as determined from time to time by the Vice President, Chief Audit & Compliance Officer.

Position. An Interested Person holds a Position if the Interested Person or a member of his or her Family is or anticipates becoming a director, trustee, officer, employee, or agent of, a consultant or advisor to, or the holder of any other position with any entity or individual that provides goods or services to, or has any other contract, transaction, or arrangement with an HonorHealth Facility or is negotiating such a contract, transaction, or arrangement.

Proposed Transaction. A Proposed Transaction is a proposed contract, transaction, or arrangement between HonorHealth and another party or entity.

3.0 PURPOSE

The purposes of this Conflict of Interest Policy (the "**Policy**") are as follows:

1. To provide guidelines and describe responsibilities for addressing contracts, transactions, or arrangements that may benefit the private interest of an Interested Person.
2. To ensure the good faith and integrity of individuals who could benefit directly or indirectly from business activities of HonorHealth and its controlled entities and who, by virtue of their position, can commit or influence decisions affecting the ethical, financial, and competitive position of HonorHealth.

SUBJECT: Conflict of Interest	Policy #: AD1402	Page 4 of 8
-------------------------------	------------------	----------------

3. To clarify the duties and obligations in the context of contracts, transactions, or arrangements that may result in Conflicts of Interest and to provide Board and other Board Committee members, employees, partners, officers, medical directors, and medical staff who have contracted for services with HonorHealth with a method for disclosing and resolving potential Conflicts of Interest.

4.0 SCOPE

HonorHealth is a nonprofit corporation organized pursuant to the laws of the State of Arizona. HonorHealth also is a 501(c)(3) tax-exempt organization. It is the policy of HonorHealth that Board members, Board Committee members, officers, executives, employees, and medical staff who have contracted for services with HonorHealth undertake their respective responsibilities with a duty of loyalty and care. This means that all individuals will administer the affairs of HonorHealth honestly and economically, exercising their best care, skill, and judgment to promote high quality care for patients served by HonorHealth.

Conflicts of Interest related to activities under clinical research may exceed the scope of this Policy. As such, any questions related to conflicts of interest for clinical research activities will be governed by the HonorHealth Research Institute's Conflict of Interest policies.

5.0 POLICY

It is the expectation of the Board of Directors of HonorHealth that all Interested Persons will avoid conflicts of interest concerning HonorHealth and actively resolve any conflicts that may arise. All Interested Persons associated with HonorHealth and within the scope of this Policy have a responsibility to make full disclosure of a Position, Personal Relationship or Financial Relationship. HonorHealth's policy is to refrain from consummating any Proposed Transaction in which an Interested Person has a Position, Personal Relationship or Financial Relationship until all relevant facts regarding the Proposed Transaction and the Position, Personal Relationship or Financial Relationship have been disclosed and considered. Failure to comply with this Policy is grounds for immediate sanctions, which may include, removal from the applicable Board or Board Committee, termination of employment, or termination of the contractual relationship.

Unless otherwise provided for in this Policy, this Policy shall meet those standards and terms established from time to time by the Internal Revenue Service and the laws of the applicable states.

HonorHealth recognizes that some information concerning an individual's financial information may be sensitive and confidential and will strive, therefore, to be respectful of the privacy of individuals while still implementing this Policy effectively. HonorHealth will not disclose such confidential information except in a manner consistent with federal, state, and local laws and regulations and/or this Policy.

SUBJECT: Conflict of Interest	Policy #: AD1402	Page 5 of 8
-------------------------------	------------------	----------------

Generally, when reviewing a disclosure regarding a potential Conflict of Interest, the following factors will be weighed:

1. The materiality of the implicated interest;
2. Whether the Interested Person's interest is direct or indirect;
3. How the Interested Person was involved with development of the particular opportunity;
4. Whether a more advantageous alternative transaction/arrangement is reasonably possible under the circumstances that would not produce a potential Conflict of Interest; and
5. The impact of the transaction/arrangement (were it to be approved) on the reputation of the organization.

6.0 PROCEDURES FOR DISCLOSURES AND RESOLUTION OF POTENTIAL CONFLICTS OF INTEREST

6.1 DUTY OF DISCLOSURE

Annually, an Interested Person must disclose on the electronic Disclosure Statement, the existence and nature of any Position, Personal Relationship or Financial Relationship. All Disclosure Statements will be submitted electronically. The information disclosed on the Disclosure Statement will be captured in a disclosure database maintained by Audit & Compliance Services. In completing the Disclosure Statement, the Interested Person certifies that he or she (a) has received a copy of the Policy; (b) has read and understands the Policy; (c) agrees to comply with the Policy; (d) understands that the Policy applies to that person; (e) understands that HonorHealth is a charitable organization that must engage primarily in exempt activities; (f) agrees to report to Audit & Compliance Services any changes to matters previously disclosed on the Disclosure Statement; (g) agrees to disclose any new matters throughout the year that have arisen after the Interested Person has completed the Disclosure Statement; and (h) states that the information provided in the Disclosure Statement is true and accurate to the best of his or her knowledge and belief. If an Interested Person has a change or addition to their Disclosure Statement before the annual update, the Interested Person must contact the Audit & Compliance Services Department who will provide an electronic link to update their Disclosure Statement.

6.2 REVIEW OF DISCLOSURES

All Disclosure Statements will be reviewed by Audit & Compliance Services to determine if there are any existing or potential Conflicts of Interest.

6.3 PROCEDURES FOR ADDRESSING AND RESOLVING A REPORTED CONFLICT OF INTEREST

If a reported Position or Financial Transaction involving an Interested Person is submitted that appears to be a potential conflict, the Audit & Compliance Services Department will review it, discuss the facts of the Position or Financial Transaction with the Interested Person if appropriate, and determine whether an actual Conflict of Interest exists. Audit & Compliance Services may request additional information from all reasonable sources and may involve the Office of General Counsel in its deliberations.

If the Audit & Compliance Services Department determines that a reported Transaction results in an actual or perceived Conflict of Interest, the following process will occur to create a Resolution:

1. If the reported Position or Financial Transaction can be managed in such a way that the Conflict of Interest does not present itself, or can be reasonably assured of such, the Audit & Compliance Services Department will work with the Interested Person to derive a management plan to address the actual or perceived conflict. Upon mutual agreement by HonorHealth and the Interested Party, the Interested Person will exercise the provisions of the management plan.
2. If the reported Position or Financial Transaction cannot be managed in such a way to avoid a Conflict, the Audit & Compliance Services Department will work with the Office of General Counsel to discuss options for addressing the conflict. This may include discussions with appropriate governing board committees, senior leadership or other appropriate internal parties. Actual or perceived Conflicts of Interest that cannot otherwise be managed or avoided may result in discontinuance of relationship with HonorHealth, removal from the Board or governing board committees, removal from an employment role, termination of a contractual agreement or other such actions to avoid the negative consequences of a conflict to HonorHealth.

6.4 VIOLATIONS OF THE CONFLICT OF INTEREST POLICY OR RESOLUTIONS

If it is believed that an Interested Person has failed to comply with the Disclosure obligations of this Policy and any Resolutions agreed to by the Interested Person, the Audit & Compliance Services Department or other delegated authority, shall inform the Interested Person of the basis for its belief and provide the Interested Party an opportunity to address the alleged failure to disclose. After hearing the response of the Interested Party and conducting such further investigation as may be warranted under the circumstances, the Audit & Compliance Services Department will determine whether such Interested Person has, in fact, violated the Disclosure requirements of this Policy or any Resolution. If it is determined that

SUBJECT: Conflict of Interest	Policy #: AD1402	Page 7 of 8
-------------------------------	------------------	----------------

there has been a violation, the Audit & Compliance Services Department shall recommend appropriate disciplinary and corrective action, which may include removal (if the Interested Person as a Board member), contractual termination (if the Interested Person is a medical staff member), or termination (if the Interested Person is an employee).

6.5 ANNUAL REPORTS TO THE HONORHEALTH BOARD OF DIRECTORS

To ensure that HonorHealth operates in a manner consistent with its tax-exempt purposes, that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax or that it does not engage in any other activities that are not in compliance with relevant law and regulation, the HonorHealth Board will receive reports from the Audit & Compliance Services Department no less than annually which will, at a minimum, include the following subjects:

1. The number of Disclosures received in which an Interested Person had a Position or Financial Relationship; and
2. A summary report of how any identified Conflicts of Interests were addressed.

Copies of the reports also shall be made available to other HonorHealth management, as necessary.

7.0 OTHER PROHIBITED ACTIVITIES

All HonorHealth directors, officers, executives, employees, managers and medical staff are prohibited from the following activities that may benefit private interests ("**Prohibited Activities**"):

1. Loans. Except for routine relationships with banking or similar organizations commonly available to the general public, individuals and their families may not loan or borrow money from patients or entities that HonorHealth has a business or competitive relationship with.
2. Inside and confidential information and self-dealing. To disclose or use information relating to HonorHealth's business, especially for the personal profit or advantage of the individual or his or her family, is prohibited. The individual may not disclose to others, and may not use or assist others in using confidential or proprietary information obtained from HonorHealth as a basis for trading or investing in securities of any other corporation, or in any other personal business venture. To violate the confidentiality of information pertaining to HonorHealth's appointment and reappointment of professionals to the medical staff, information included in quality reports, and statistical data about clinical services and patient care, risk management and malpractice information regarding professional performance, and reviews of attitudes and opinions of those who work for HonorHealth. Also, to

SUBJECT: Conflict of Interest	Policy #: AD1402	Page 8 of 8
-------------------------------	------------------	----------------

disclose information regarding the strategic plan, programs, and process toward meeting goals in the plan, and HonorHealth's competitive position. To disclose financial information not otherwise available to the public, including annual budgets, revenues, expenses, long-term capital expenditure plans, equipment purchases, and information regarding HonorHealth's financial condition such as debt, liquidity, return on investment, and profitability is also prohibited. Finally, individuals may not disclose information regarding the performance of management executives, including evaluations, compensation, contract and employment conditions, and top management succession plans.

8.0 TRAINING

The conceptual topics of Conflicts of Interest will be included in annual compliance training. An overview of the definition of a Conflict of Interest and examples of potential conflicts will be included in the training.

DOCUMENTATION:

Conflict of Interest Disclosure Form (via the COI-Smart system)

CONTRIBUTORS/AUTHORS:

Audit & Compliance Services

Legal Services

Board Audit & Compliance Committee