

CORPORATE POLICY	Business Ethics and Vendor Relationships
CREATED:	SCOPE: All Employees
REVIEWED:	APPROVED BY: Corporate Leadership Team (CLT)
REVISED:	FORMULATED BY: Chief Compliance Officer

Reference Policies: [Travel Program & Business Expense Policy](#)
[Business Ethics & Vendor Relationships FAQs](#)

PURPOSE

To provide ethical guidance to employees as it relates to relationships with individuals and entities that supply goods and services to our organization.

To set forth the required standards of conduct for all physicians and other employees regarding the acceptance of gifts, educational or travel subsidies, entertainment, meals, and any other form of remuneration from suppliers and business partners that refer or are in a position to refer health care business or those that provide products or services used in the delivery of health care.

To establish reasonable limitations and safeguards for our relationships with certain product suppliers who are subject to the database reporting obligations set forth by the Physician Payment Sunshine Act.

POLICY

Physicians and all other employees shall observe and comply with this policy. In addition to this policy, organization also requires that designated employees, researchers, and governing board members comply with various Conflict of Interest policies concerning disclosures of financial interests and relationships with vendors, research sponsors, and business partners.

We recognize that the vendors and suppliers of products, such as pharmaceuticals, devices, and biologics have an important role in the delivery of healthcare services to patients. Collaborations between product manufacturers and healthcare providers often result in innovative and more effective ways to treat patients and improve the human condition. Despite the benefits of these collaborations, we recognize that certain business and financial relationships between the parties can result in real or perceived conflicts of interest for the providers who prescribe, order, and use the products in delivering care to our patients.

In addition to potential conflicts of interest, we also recognize that improper gifts, compensation, meals, travel expenses, education subsidies, honoraria, and other forms of financial exchanges between providers and vendors can implicate the federal Anti-Kickback Statute (“AKS”) and can potentially result in civil and criminal penalties.

Moreover, the Physician Payment Sunshine Act (“Sunshine Act”) requires applicable vendors* to annually report any Teaching Hospital or any physician, dentist, optometrist, podiatrist or chiropractor who has accepted certain types of remuneration or transfers from the vendor. These reports are made available to the public on a searchable website.

In view of the ethical, legal, financial, and perceptual risks, we have established reasonable and appropriate limitations on the nature and amounts of financial exchanges as set forth in this policy and in the accompanying Q&A document. These limitations and safeguards are premised upon the principles of the Federal Anti-kickback Statute and the longstanding guidance from regulatory agencies such as the Office of Inspector General (OIG) and professional organizations such as the American Medical Association (AMA).

This policy sets forth the corporate threshold for acceptable vendor relationships. Nothing in this policy prohibits individuals, as well as individual facilities and care centers, from implementing standards that are more restrictive than the corporate thresholds, e.g., a clinic can ban all vendor provided on-site meals even though organization permits modest on-site meals.

POLICY INTERPRETATION AND ENFORCEMENT. We intend to consistently enforce this policy throughout the organization. Executives will be accountable for enforcement of this policy within their areas of responsibility. This policy and the accompanying FAQ document have been developed by the Corporate Compliance Office, and approved by the Corporate Leadership Team. All questions concerning the interpretation of the policy should be directed to the Chief Compliance Officer, the Vice President of health services Compliance, or the regional Directors of Compliance.

* Vendors who have reporting obligations under the Sunshine Act (hereinafter referred to as “Sunshine Act vendors”) are defined as: Manufacturers of a “covered” drug, device, biological or medical supply product, 1) for which payment is available under Medicare, Medicaid or CHIP, and 2) for which a prescription or order is required, or for which premarket approval or premarket notification to the FDA is required.

PROCEDURE

I. PROHIBITED ACTIVITIES

Our organization complies with the Federal Anti-Kickback Statute (“AKS”), a health care-specific law which strictly forbids employees from seeking or accepting any payment, gift, or other thing of value from any subcontractor, vendor, supplier or potential contractor with the intent to induce the referral of federal health care business. Accordingly, employees are not permitted to accept certain gifts, payments and other offers from vendors that have the potential to influence the referral or cost of federal health care business, including:

1. Cash gifts
2. Cash-equivalent gifts such as gift cards or gift certificates
3. Items that are capable of personal use such as a DVD player or an iPod
4. Personal entertainment items such as tickets to sporting events or concerts, or golfing/skiing/hunting/fishing/vacation excursions that can be perceived as conveying a personal benefit to the recipient
5. Expense paid travel to luxurious or resort-type locations that can be perceived as extravagant and conveying a personal benefit to the recipient
6. Payments for listening to a vendor’s marketing presentation or for completing written evaluations for a vendor’s product or service.
7. Payments for recruiting patients for clinical research activities unless such research activity is approved by an appropriate Institutional Review Board (IRB)
8. Payments in exchange for an endorsement of the vendor or the vendor’s products/services. (Requests for product or vendor endorsements must be referred to Marketing or Supply Chain Management)
9. Payments or accommodations for Shadowing arrangements in a patient care setting, unless the vendor has a defined role in the care of the patient (s) and is registered through Supply Chain Management
10. Payments or accommodations for Ghostwriting arrangements, e.g., allowing a vendor to author a published article or other document and attribute the authorship to a physician or other employee

- II. PERMISSIBLE ACTIVITIES: GENERAL GUIDANCE** – Organization permits reasonable activities and interactions with vendors. These permissible interactions are subject to certain safeguards, limitations and restrictions.

This policy and the accompanying FAQ document address several forms of financial relationships and interactions, including:

- Gifts
- Travel Expenses
- Meals/Beverages
- Compensation and Honorariums
- Education and Training

Free trials and short term loans of devices, equipment, or supplies
Ownership, investment interests, licensing, royalty, or stock options

This policy is intended to address the most common forms of vendor relationships, but it is not a comprehensive or exhaustive list of every possible offer or arrangement. Accordingly, employees are advised to use the following algorithm for all decisions involving vendor offers:

1. Is the vendor's specific offer or arrangement in the list of PROHIBITED activities? If so, the employee must decline.
2. Is the vendor's specific offer or arrangement in the list of PERMISSIBLE activities? If so, the employee must consult the policy, the FAQs, or the Corporate Compliance Office to determine:
 - a. Is the offer/arrangement in compliance with organization policy?
 - b. Is the offer/arrangement subject to be reported to the Open Payments Sunshine Act public website?
3. For all other vendor offers or arrangements that are not specifically addressed in the policy or the FAQs, employees are advised to seek guidance from the Corporate Compliance Office at the regional or enterprise level.

Open Payments (“Sunshine Act”) Implications. For interactions involving vendors who are covered by the Sunshine Act, employees are advised to consider the following:

1. Organization requires that all Sunshine Act vendors inform recipients whether, and to what extent, a gift, meal or other financial exchange will be reportable to the database. With full and prompt disclosure by the vendor, employees can elect to decline the vendor's offer. Vendors who fail or refuse to provide this up-front information should be reported to Supply Chain Management or Corporate Compliance.
2. The vendor has the sole obligation to track and report the financial exchange. Our organization has no reporting obligations.
3. The Open Payments/Sunshine Act Database is strictly about transparency. It is intended to allow the public to be aware of the nature and value of vendors' relationships with healthcare providers. The regulation does NOT declare what is a legal or illegal vendor relationship, nor does it determine the appropriateness of a vendor's gift or other offer. In evaluating a vendor's offer, employees are required to follow internal policy first and foremost, and to also evaluate the transparency/reporting implications when applicable.

III. PERMISSIBLE ACTIVITIES BY CATEGORY

1. GIFTS

- a. **General.** Subject to local leadership (e.g., clinic, department, unit) discretion, policy permits employees to accept vendor-provided gifts only if 1) the gift is *work related* (not personal), and 2) the gift is of nominal value.
- b. **Promotional “Branded” Items.** Subject to local leadership discretion, policy permits employees to accept *work related* branded items such as pens and notepads if the items are of nominal value.
- c. **Gift Baskets and Other Business Courtesies.** Subject to local leadership discretion, policy permits employees to accept infrequent (e.g., annual or holiday-related) gift baskets if:
 - The gift is consumable (food, candy, fruit, non-alcoholic beverages) or decorative/floral, and
 - The gift is intended for the benefit of a group of employees, and
 - The gift has a nominal value
- d. **Sunshine Act Implications.** The subject of gifts is a broad area. When in doubt, consult the Corporate Compliance Office for guidance. Some gifts may be reportable under the Sunshine Act, and employees are advised to ask the vendor whether the value of the gift will be reported, prior to accepting the gift.

2. TRAVEL EXPENSES

- a. **General, Allowable Exceptions.** Generally, vendors are not permitted to pay or reimburse travel expenses (airfare, lodging, meals) for employees. Under limited circumstances, vendor paid travel expenses are permitted when:
 - The employee is attending FDA-mandated safety training, or
 - The employee is serving as a consultant or speaker (or board member, officer, or member of a scientific review panel) and the authorized and approved contract with the vendor sets forth travel obligations and payment/reimbursement, or
 - The employee travel is expressly authorized in the contract between the vendor and Supply Chain Management, or in the contract between the research sponsor and Research.
- b. **Special Circumstances; Required Approval.** Vendor paid travel for any other circumstances not listed above require prior approval by the CFO for Health Services Division (HSD) or the CFO for Development and Research Division. Unapproved vendor paid travel expenses are subject to be returned to the vendor and the employee’s cost center will be charged for the incurred travel expenses.

- c. **Reasonable and Appropriate Criteria.** All vendor paid travel expenses authorized under this section must be reasonable and appropriate. Under no circumstance will vendors be permitted to pay/reimburse expenses for travel to luxurious or resort destinations. Travel expenses are considered reasonable and appropriate if the expenses comply with internal policy for [Travel Program & Business Expense Policy](#).

3. **MEALS AND BEVERAGES**

- a. **On Site.** Organization facilities have the discretion to permit or prohibit vendor provided on-site meals on a facility-by-facility basis. Facilities that permit such on site meals shall assure that the meals are modest and infrequent.
- b. **Off Site.** Employees may accept off site meals provided by vendors if the meals are modest. “Modest” is defined as a meal that would otherwise comply with the Travel and Expense Reimbursement Policy.
- c. **Sunshine Act Implications.** Vendors who are covered by the Sunshine Act are required to account for the value of meals (and gifts, and other financial interactions) that is provided to “covered recipients.” If you are a covered recipient, here is the bottom line: When you accept at least \$100 worth of meals, gifts, or other transfers of value from a Sunshine Act vendor during any calendar year, the vendor will report your name and the value of those transactions to the Open Payments Database.

4. **COMPENSATION AND HONORARIUMS**

- a. **Written Agreement.** Policy permits employees to accept compensation or honorariums in exchange for consulting or speaking or other services ONLY under the following conditions:
 - A written agreement memorializes the arrangement, and
 - The written agreement has been reviewed and approved by Legal.
- b. **Work Time vs. Personal Time.** The rule for a written agreement set forth above applies irrespective of whether the services are provided during work hours (“organization’s time”) or outside of work hours (“personal time”). Employees devoting **personal time** to the activity are permitted to retain the honorarium or compensation, provided the activity was reviewed and approved in advance by the employee’s immediate supervisor. Physicians devoting **personal time** to the activity are permitted to retain the honorarium or compensation, provided the activity was reviewed and approved by the Clinic Senior Vice President in the physician’s respective region.
- c. **Sunshine Act Implications.** Compensation and honorariums provided by Sunshine Act vendors are subject to be reported to the Open Payments Database. The payments will be attributed to the recipient, by name, irrespective of whether the recipient received the payment directly or whether the recipient received the payment indirectly through a clinic, an employer, a

group practice, or other entity, or whether the recipient directed the payment to a charity as a donation

5. **EDUCATION AND TRAINING**

a. **Educational Conferences and Meetings Sponsored by the Vendor.**

Employees may not accept any financial grants or subsidies, or any travel expenses from a vendor to attend a vendor sponsored conference, meeting, or training UNLESS:

- The training is FDA-mandated safety training, or
- The training is specifically permitted in the written contract between organization and the vendor.

b. **Educational Conferences and Meetings Sponsored by Organization.**

Employees are not permitted to solicit contributions or donations from vendors to support sponsored conferences (e.g., those open to the public or those open to local or national healthcare professionals.) Vendors can participate in sponsored educational conferences by either:

- Providing an unrestricted grant to the Foundation or to the Enterprise Office of Grant Development & Administration (EOGDA), or
- When available, renting space or a booth at the conference site. Booths and space for vendors will be determined on a conference-by-conference basis. The number of available booths and the booth rental fee shall be established in advance by the conference coordinator/planner. The rental fee for each conference shall be Fair Market Value (FMV) and shall be the standard fee offered to all interested vendors for that conference. The conference coordinator/planner is not permitted to vary the established fee in any way or offer discounts to any vendor.

c. **Educational Conferences and Meetings Sponsored by a Third Party.**

For education and training that is not sponsored by the vendor, e.g., an annual AMA Conference, employees may accept grants or subsidies from a vendor to cover registration fees ONLY if the following conditions are met:

- The education/training/conference is organized and sponsored by a professional society or educational institution, and
- The education/training/conference is accredited and certified by a national accrediting body for continuing education, and
- The education/training/conference is being held at a location that is not perceived as a resort or luxurious location.

6. **FREE TRIALS AND SHORT TERM LOANS OF DEVICES, EQUIPMENT, OR SUPPLIES**

- a. **Pharmaceutical samples intended for patient use.** Unless prohibited by regional or local facility policy, pharmaceutical samples may be accepted

from pharmaceutical vendors. The samples are required to be distributed for *patients'* use and benefit, not physicians or staff. All samples are subject to record keeping and disposal requirements as specified in regulations and policy.

- b. **Devices, Equipment, and Supplies (not including pharmaceutical samples).** Free trials and short term loans are permissible to accept from vendors, ONLY if the trial or loan arrangement is approved and arranged through Supply Chain Management.

7. **OWNERSHIP, INVESTMENT INTERESTS, LICENSING, ROYALTY, OR STOCK OPTIONS**

Employees are permitted to own stock in any publically traded company, including pharmaceutical and device manufacturers, as part of an employee's investment portfolio. However, in some circumstances, some stock options and investment interests are subject to disclosure and management in accordance with the Conflict of Interest policies for research. If such financial interest is provided directly from a Sunshine Act vendor to a covered recipient, the transaction is subject to be reported to the Open Payments Database.

Corporate Leadership Team

By: _____

Date: _____