



Group Health Cooperative  
Board of Trustees  
**POLICY**

Number: 100-202  
Adopted: 3/28/79  
Revised: 4/14/10  
Last Review: 4/14/10

**SUBJECT: Conflict of Interest—Board of Trustees, Cooperative Officers, and Employees**

**POLICY:** Group Health Cooperative trustees, officers, and employees have responsibility for administering the affairs of Group Health honestly and prudently, and for exercising their best care, skill, and judgment for the sole benefit of Group Health. These individuals must exercise the utmost good faith in all transactions involved in their duties, and they must not use their positions with Group Health or knowledge gained from these positions for their personal benefit. The interests of Group Health must be the first priority in all decisions.

This policy also applies to Group Health Permanente (GHP) medical and administrative staff when they are performing work on behalf of Group Health or are representing Group Health in any transaction that involves Group Health.

A conflict of interest could exist whenever a personal interest influences or appears to influence the ability of trustees, officers, employees, or covered GHP staff to exercise objectivity in meeting their responsibilities on behalf of Group Health. Since the appearance of a conflict of interest may be as serious as an actual conflict of interest, this policy treats both situations in the same manner. Individuals covered by this policy may not take part in any action that results in, or has the appearance of resulting in, personal or professional gain, or benefit to an organization other than Group Health. To avoid an actual conflict or any appearance of a conflict, no trustee, officer, employee, or covered GHP staff member may participate in a transaction involving Group Health in which that individual or his/her relative (as specifically defined in the Definitions section of this policy) has a personal interest, whether financial or non-financial.

Consistent with the above principles, no Group Health trustee, while serving in that capacity, may be employed by Group Health, its subsidiaries or affiliates, or by GHP. No individual covered by this policy, while serving in his/her official capacity, may participate in or influence a transaction which results in the employee providing goods or services for compensation to Group Health, its subsidiaries or affiliates, or GHP—either personally or through an organization in which the individual or his/her relative has a significant ownership interest. In addition, no individual covered by this policy may participate in an action directly affecting the employment, salary, or working conditions of his/her relative who is employed by Group Health, its subsidiaries or affiliates, or GHP.

Relationships between practitioners and patients also have the potential to create actual or apparent conflicts of interest. At Group Health, the welfare of the patient is the overriding concern in relationships between patients and practitioners.

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Special consideration must be given to avoid even the appearance of exploiting the practitioner-patient relationship. This includes preventing the relationship from becoming affected by or entangled in personal issues. In the practitioner-patient relationship, a conflict of interest could exist whenever a personal interest influences or appears to influence the ability of a practitioner to exercise objectivity to meet his or her responsibilities in treating a patient.

Sexual contact or sexual relationships between practitioners and their own patients are strictly prohibited. Group Health also discourages the development of personal relationships, even non-sexual ones, between practitioners and their own patients outside the limits of the primary therapeutic relationship because such relationships have the potential to create confusion on the part of the patient and/or practitioner and to compromise the objectivity of the practitioner in treating the patient. Similarly, practitioners are prohibited from serving in any fiduciary capacity respecting a patient with whom they have a current professional care relationship.

Group Health and GHP employees are prohibited from accepting any gifts from Group Health patients that are expensive, frequent, solicited from a patient, or given by a patient in such a way that the practitioner has reason to believe the patient might expect a different level or type of care or coverage as a result of giving it.

In addition to those between patients and practitioners, relationships between other Group Health employees and Group Health patients may also be problematic. The exact circumstances and roles of those involved must be evaluated on a case-by-case basis to determine whether or not a conflict, or the appearance of one, exists.

**EXPLANATION:**

Group Health is a non-profit, tax-exempt organization regulated by the Internal Revenue Service and state regulatory and tax officials, who scrutinize the operations of Group Health. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. A conflict of interest, or even the appearance of one, can cause embarrassment to Group Health, jeopardize the credibility of the organization, and possibly endanger Group Health's tax-exempt status.

Policy 100-202 assures the Cooperative of the good faith and integrity of its trustees, officers, and employees. Similarly, Policy 100-202 assures patients that their health and welfare are the primary concern of the practitioners who treat them. These procedures are intended to provide individual trustees, officers, and employees with a systematic and ongoing method of disclosing and resolving actual conflicts of interest and the appearance of such conflicts.

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**APPLICABILITY:**

This policy applies to all individuals who have the authority or ability to direct or influence the use of Group Health assets, directly supervise staff, or treat patients, including Group Health trustees, employees of Group Health and its subsidiaries, and GHP medical and administrative employees.

Additional procedures related to this policy will be applied to all Group Health trustees and Group Health officers. Certain high-level management positions and other positions involving transactions with outside parties are also subject to additional procedures because the authority and responsibilities associated with such positions may give rise to potential conflicts of interest or the appearance of conflicts of interest. Individuals holding these positions are referred to below as key persons.

Certain departments and GHP have in place their own conflict of interest policies. These policies exist not to override this policy, but to enhance it by more specifically addressing the activities of the departments and organizations.

**SCOPE:**

This policy defines conflict of interest, contains certain prohibitions applicable to those individuals covered by the policy, and governs the evaluation and management of potentially problematic relations of Group Health trustees, officers and employees, and GHP staff members and administrators (and their relatives) with certain third parties. The kinds of relationships that may be of concern under this policy include, but are not limited to, those between these persons and:

- Persons and firms supplying goods and services to Group Health.
- Persons and firms from whom Group Health leases property and equipment.
- Persons and firms with whom Group Health is dealing or planning to deal in connection with the gift, purchase, or sale of real estate, securities, or other property.
- Persons and firms whose interests or dealings are adverse to the interests of Group Health.
- Competing organizations.
- Donors and others supporting Group Health.
- Agencies, organizations, and associations which affect the operations of Group Health.
- Relatives, friends, and other employees who may have the ability to influence the judgment and decision making of individuals covered under this policy.
- Patients currently or recently (consistent with specific professional guidelines) under the care of Group Health and/or GHP employees.

The kinds of activities on the part of an individual covered under this policy that are potentially of concern and should be disclosed include, but are not limited to:

- Owning significant amounts of stock or holding debt or other significant proprietary interests in any third party dealing with Group Health.

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- Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed within two years) with any third party dealing with Group Health.
- Receiving promotional or sample items, gifts, reimbursements or any other item of value from a manufacturer or vendor provided to an individual covered under this policy because of the individual's role with Group Health.
- Using Group Health's time, personnel, equipment or other property, whether tangible or intangible, including intellectual property, supplies, or goodwill for other than Group Health-approved activities, programs, and purposes.

The kinds of activities on the part of an individual covered under this policy that are always of concern and must be avoided include, but are not limited to:

- Receiving remuneration for services with respect to individual transactions involving Group Health.
- Receiving frequent, expensive, and/or solicited promotional or sample items, gifts, reimbursements or any other item of value from a manufacturer or vendor provided to an individual covered under this policy because of the individual's role with Group Health.
- Accepting cash from a patient or patient gifts of significant value or for which the practitioner has reason to believe the patient might expect a difference in the level or nature of care as the result of giving it.
- As a practitioner, serving for his or her own patients as executor or appointment under a power of attorney created by the patient; serving as guardian of the person of the patient or private case manager under any governmental or private program; or serving as guardian, conservator, or trustee of any of the patient's assets.
- As a practitioner, benefiting from the will of his or her own patient upon the death of the patient.

This policy does not prohibit persons who are employed by GHP from making decisions on Group Health's behalf or otherwise engaging in transactions on Group Health's behalf. Rather, it requires those GHP personnel to act in the best interest of Group Health when they are representing Group Health in any forum or transaction.

Businesses owned by a covered individual, either personally or through an organization in which the individual or his/her relative has a significant ownership interest, may provide goods or services for compensation to Group Health, its subsidiaries or affiliates, or GHP provided that certain conditions are met. The overriding principle in these situations – and all potential conflict situations - is that the best interests of Group Health must be served. Therefore, Group Health will not contract with a vendor with whom a covered individual has an ownership interest unless established procurement and request-for-proposal (RFP) policies and processes are followed. Any covered individual with an ownership interest in a vendor that seeks to do business with Group Health is prohibited from participating in the development of the RFP and the procurement process, as is any person in that covered individual's chain of command. In addition, no vendor owned by a covered individual, either personally or through an organization in which the individual or his/her relative has a significant ownership interest, may provide goods and services to any Group Health function or department within the chain of command of that covered individual.

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**DEFINITIONS:**

**Conflict of interest:** The term "conflict of interest" refers to situations in which financial or other personal interests directly and significantly influence, or appear to influence, professional judgment and responsibilities. No policy can specifically address every type of conflict of interest, just as no list of rules or guidelines can provide direction for all the varied circumstances that arise. However, some common examples of conflicts of interest could include situations where the actions or activities of an individual on behalf of Group Health could result in a personal gain or advantage to the individual, to a relative or friend of the individual, or to another organization in which the individual or a relative or friend of the individual has a significant actual or beneficial ownership interest.

**Board action directly affecting:** An action of the Board of Trustees which affects the employment, salary, or working conditions of a person as an individual as opposed to a member of a group of employees.

**Covered individual:** Any person to whom this policy applies, including Group Health trustees, officers, and employees and GHP medical and administrative staff when they are performing work on behalf of Group Health or representing Group Health in any transaction that involves Group Health.

**Domestic partner:** The relationship of couples who are not legally married, but otherwise jointly committed to a long-term relationship.

**Fiduciary positions:** Positions prohibited under this policy include, but are not limited to, an attorney-in-fact, agent, personal representative, proxy under a power of attorney created by the patient, a guardian of the person and/or estate of the patient, a private case manager under any governmental or private program, and a conservator or trustee of any of the patient's assets during the patient's lifetime.

**Gifts:** Gifts prohibited under this policy may include serving as executor, administrator, or trustee of any of the patient's assets upon or after the patient's death even if the practitioner was not made aware of the appointment during the patient's life. Practitioners are also prohibited from being named as a beneficiary in a patient's will. Practitioners must decline to serve in any of these capacities and decline any bequest should the situation arise when a patient of the practitioner dies. Practitioners may accept gifts from patients that are of nominal value as long as the practitioner does not suspect the patient is motivated to give a gift by anything other than gratitude and good will. It is never appropriate to accept a gift of cash, or cash equivalents, no matter how small.

**Key persons:** For the purposes of this policy, key persons are those individuals holding certain high-level positions and other positions involving transactions with outside parties that may give rise to potential conflicts of interest or the appearance of conflicts of interest. On an annual basis, the chief compliance officer (in conjunction with Human Resources and GHP) is responsible for identifying "key person" positions. Because of the nature of the positions they hold, key persons

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are required to complete an annual, written disclosure statement regarding their possible involvement in relationships or activities that may constitute a conflict of interest or present the appearance of a conflict of interest.

**Patient:** Any person who is currently or has recently (consistent with specific professional guidelines) been under the professional care of a Group Health or GHP-employed practitioner or anyone else working in a clinical role in Group Health facilities. Consistent with specific professional guidelines, a patient may or may not include an individual whose therapeutic relationship with a practitioner has been terminated.

**Practitioner:** Any Group Health or GHP employee who renders any sort of diagnostic, therapeutic, or other professional care to a patient.

**Relative:** For the purposes of this policy, a relative includes any person who has a legal, blood, or any other relationship with an individual covered under this policy such that the relationship has the potential to influence or appear to influence the judgment of the covered individual in performing his/her duties on behalf of Group Health.

Examples of relatives include, but are not limited to, current spouse, domestic partner, parent, child, grandchild, sibling, aunt, uncle, in-laws, the spouse's immediate family members, and any person living in the household of an individual covered by this policy.

**Significant actual or beneficial ownership interest:** Where, directly or through the ownership of stock, one enjoys a personal practical economic gain from the business operations of a business or other organization. "Significant" is intended to eliminate as a conflict mere stock ownership of a level insufficient to influence the business decisions of the business organization engaging in business with Group Health.

**Transaction:** Any contract, sale, lease, purchase, or other decision that may be made by, through, or under the supervision of Group Health, in whole or in part, directly or indirectly.

## **RESPONSIBILITIES:**

The Board is responsible for the development and approval of this policy and for assigning responsibility and delegating authority for the implementation and administration of the policy.

The Board has made the following assignments and delegation of authority related to this policy:

The Audit and Compliance Committee of the Board is responsible for approving compliance procedures related to this policy for trustees and Group Health officers and is delegated necessary authority to approve such procedures. These procedures include:

- Trustees and Cooperative officers shall provide a written declaration of any actual or potential areas of conflict of interest on an annual basis using forms and procedures developed by the chief compliance officer. These declarations will be submitted by trustees and officers to the chief compliance officer and forwarded to the Audit and Compliance Committee. The Audit and Compliance Committee will review the annual disclosures for

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compliance with this policy. Any apparent conflicts of interest and/or other instances of noncompliance with this policy will be referred by the Audit and Compliance Committee to the chair of the Cooperative for resolution as described below.

- During the year, trustees and Cooperative officers shall report material additions or changes to the information provided on annual conflict of interest declarations. These additions or changes to the declarations will be submitted to the chief compliance officer and forwarded to the Audit and Compliance Committee, following the process used for annual declarations.
- The chair of the Cooperative shall counsel any trustee or officer about prohibited conflicts of interest and other instances of noncompliance with this policy, including apparent undisclosed conflicts of interest and, if not resolved to his/her satisfaction, shall place the matter on the agenda of an executive session. The chief compliance officer will support the chair of the Cooperative in fulfilling this responsibility.
- Trustees shall disclose an actual conflict of interest, or the appearance of such a conflict, when such an interest becomes a matter for Board action. Any trustee having an actual conflict of interest, or the appearance of a conflict of interest, related to a matter at issue shall not vote, take other action, or use his/her personal influence on the matter beyond that described below. The minutes of the meeting should reflect that a disclosure was made and that the trustee abstained from participation in the discussion except as described below. If any trustee has reason to believe s/he or another trustee may have an actual conflict of interest, or the appearance of such a conflict, the trustee shall raise the question for consideration. If there is any disagreement regarding the existence of an actual conflict of interest, or the appearance of such a conflict, the chair of the Cooperative shall poll other trustees to determine if the Board concludes that an actual conflict or the appearance of a conflict of interest exists. If the Board concludes there is a conflict or the appearance of a conflict, then the trustee shall abstain from voting or discussions on the matter. The requirements of this paragraph should not be construed as preventing the trustee with an actual conflict of interest, or the appearance of such a conflict, from briefly stating his/her position in the matter, nor from answering pertinent questions of other trustees or officers since his/her knowledge may be of assistance.
- Group Health officers, other employees, and GHP employees acting on behalf of Group Health shall disclose an actual conflict of interest, or the appearance of such a conflict, when such an interest is relevant to a matter in which they have a role, either directly or through subordinates acting at their direction. Any Group Health officer, other employee, or GHP employee acting on behalf of Group Health having an actual conflict of interest, or the appearance of a conflict of interest, related to a matter at issue shall not participate in the matter or use his/her personal or professional influence on the matter. Any Group Health officer, other employee, or GHP employee acting on behalf of Group Health who believes they may have an actual conflict of interest, or the appearance of such a conflict, is expected to abstain from participation or stating his/her position in the matter, or may ask his/her direct supervisor to determine if the supervisor believes that an actual conflict or the appearance of a conflict of interest exists, the individual shall abstain from participation in the matter. Consultation with the chief compliance officer is recommended when it is difficult to determine whether the circumstances constitute a conflict of interest.

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The Group Health Office of Compliance & Ethics is responsible for developing compliance procedures for administering this policy, developing procedures for the disclosure statements to be completed by key persons (as defined in this policy), and for providing general guidance to Group Health management and employees regarding compliance with this policy. The Office of Compliance & Ethics will consult with Group Health executive management to ensure support for the implementation and administration of this policy. The chief compliance officer will provide periodic reports to the Audit and Compliance Committee on the implementation and administration of this policy.

All key persons must complete an annual disclosure statement to identify actual conflicts of interest, or circumstances that might give the appearance of a conflict of interest, or to attest that no such conflict exists. During the year, key persons shall report material additions or changes to the information provided on annual conflict of interest declarations. These additions or changes to the declarations will be submitted to the chief compliance officer, following the process used for annual declarations.

All disclosure statements of key persons who are not Group Health trustees or officers will be reviewed by the key person's direct manager and by the Office of Compliance & Ethics to determine whether or to what extent the disclosed activity may be undertaken. Not every potential conflict of interest situation will warrant action.

#### **REPORTING VIOLATIONS OF THE CONFLICT OF INTEREST POLICY:**

If an individual has reason to believe that an individual to whom this policy applies has participated in or influenced a Group Health decision when an actual conflict of interest or the appearance of a conflict of interest existed or has engaged in an inappropriate relationship with a patient, he or she is required to inform the chief compliance officer or the executive vice president and general counsel. Similarly, if an individual has reason to believe that an individual covered by this policy has failed to avoid or disclose a personal interest that could constitute an actual conflict of interest, or the appearance of such a conflict, or has engaged in an inappropriate relationship with a patient, he or she is required to inform the chief compliance officer or the executive vice president and general counsel.

Following procedures developed by the Office of Compliance & Ethics, the appropriate manager will inform the individual of the conflict of interest allegation and afford that person the opportunity to explain the alleged conflict of interest. If, after receiving the response and conducting further investigation as necessary, the manager determines that the individual in fact failed to avoid or disclose a circumstance that could constitute an actual conflict of interest, or the appearance of such a conflict, appropriate disciplinary or corrective action will be taken, up to and including termination.

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Failure to disclose or avoid an activity that an individual knew, or should have known, constituted a conflict of interest or the appearance of one, or failure to abide by the determination of the Audit and Compliance Committee or the Office of Compliance & Ethics may be grounds for discipline up to and including termination.

Related Documents:

Board Policy 100-207, Code of Conduct

Board Policy 500-301, Tax-Exempt Status

Operational Policy F-04-061, Code of Conduct

Previous Revisions 4/29/87, 1/30/90, 12/2/92, 12/1/93, 6/22/94, 12/11/02, 3/1/06, 11/14/07, 11/12/08, 11/9/09