

CONFLICT OF INTEREST

Current Review: June 2006	Submitted by: Dianne Judge
Current Revised: June 2006, January 2008, March 2009	Approved:
Previous Date Reviewed: June 2005	
Previous Date Revised: June 2005	

PURPOSE:

To ensure that employees and members of the Board of Trustees of Premier Health Partners and its affiliate companies disclose issues which may be a potential conflict of interest.

To provide a process to determine the materiality of such potential conflict of interest and to provide a method of addressing any issue which is determined to be a conflict of interest.

POLICY STATEMENT:

The relationship between a corporation and an employee or the relationship between a corporation and a board member requires that in performing each individual's duties, those duties are performed honestly, economically, and with skill and judgment for the corporation's benefit. The individual must be aware that all actions and activities are to be in the corporation's best interest and are to further the corporation's charitable purpose of service to the community. The individual shall not take advantage of one's position with the corporation for personal gain.

The goal of the Conflict of Interest policy is to distinguish types of conflicts, assess each potential conflict, and to avoid the appearance of impropriety. If a conflict does exist, it will require isolation of that individual from the conflict.

Definitions:

Compensation - Direct or indirect remuneration as well as gifts or favors that are substantial in nature.

Conflict of Interest:

Exists when a Board member or employee:

1. Has an outside interest that materially encroaches on the time, resources, or attention which should be devoted to the duties within the Board member's fiduciary responsibility to the corporation or the employee's job description;
2. Has a direct or an indirect interest to relationships with an outside person, company, or organization that would:
 - Make possible personal gain due to the Board member's or employee's ability to influence dealings;
 - Render the Board member or employee partial toward the outsider for personal reasons, or otherwise inhibit the impartiality of the Board member or employee's business judgment;
 - Place the corporation in an embarrassing or ethically questionable position;
 - Reflect negatively on the integrity of the corporation
3. Conflicts of interest do not include philosophical or professional differences of opinion.

Corporation - Premier Health Partners (PHP) and all wholly-owned corporations within PHP: After Hours Family Care, Inc., Atrium Health System, Atrium Medical Center, Atrium Medical Center Foundation, Dialysis Centers of Dayton, Inc., Fidelity Health Care, Good Samaritan Hospital, Health Specialists of Dayton, Inc., Med-Terra, Inc., MedAmerica Health Systems Corporation, Miami County Mental Health Center, Miami Valley Hospital, Miami Valley Hospital Foundation, MVHE, Inc., Premier Community Health, Samaritan Behavioral Health, Inc., Samaritan Family Care, Inc., Samaritan Health Foundation, Samaritan Health Partners, Samaritan North Surgery Center, Ltd., Upper Valley Medical Center, Upper Valley Professional Corporation, UVMC Foundation, UVMC Management Corporation, UVMC Nursing Care, Inc., UVPC Specialists, Inc., Staff Members of Strategic Sourcing Division and all Premier Health Partners "Authorized Signers."

CONFLICT OF INTEREST

Family Member - Includes the individual's spouse or siblings and their spouses, parents, grandparents, children (and their spouses), and grandchildren (and their spouses) and others living in the reporting individual's home.

Financial Interest - Individual has directly or indirectly, through business, investment or family, any of the following:

- (a) An ownership or investment interest in any entity with which the corporation has a transaction or business arrangement; or
- (b) A compensation arrangement with an organization or entity or individual with which the corporation has or is negotiating a transaction or business arrangement; or
- (c) An existing or potential ownership or investment interest in or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or business arrangement.

A financial interest is not necessarily a conflict of interest. That is to be determined by the Board or other designated governing body or appropriate management staff.

Material Financial Interest - Holding by an individual, directly or indirectly, of an interest in any outside entity (1) from which the Corporation secures goods or services (including the service of buying or selling stocks, bonds, or other securities) or (2) which is a competitor of the Corporation. An ownership or investment interest that is greater than five percent (5%) of the equity of the company.

Outside Activity -

- (a) Rendition by an individual of any directive, managerial or consultative service to any outside concern which does business with, or is a competitor or anyone else.
- (b) Receipt of compensation or remuneration in excess of \$5,000 during the previous twelve months or the expectation of receiving compensation or remuneration during the next twelve months from an entity with which the corporation has or is negotiating a transaction or business arrangement or an entity that directly competes with the corporation.

Procedure:

I. Board Members

1. It is also the policy of the Corporation that each member of the Board of Trustees/Directors, and others who serve in a fiduciary, quasi-fiduciary, or advisory capacity, who are not employed by the corporation, should not use their position of trust or confidence to promote their financial self-interests or the financial interests of business concerns with which they or their family member are involved as employees or investors, directly or indirectly and should specifically perform his/her duties honestly, in good faith, and with a reasonable amount of diligence.
2. While assigned to a particular committee of the Board having general financial or investment responsibility, use due diligence in supervising the actions of those officers, employees and outside experts to whom the responsibility for making day-to-day financial and investment decisions have been delegated.
3. In addition, any transactions or activities that have even the appearance or slightest possibility of a conflict of interest must be avoided, for the appearance of a conflict is as damaging to the employee and the Corporation as is an actual conflict.

CONFLICT OF INTEREST

4. On an annual basis, members of the Boards of Trustees/Directors of PHP and all wholly-owned corporations within PHP, are required to review the PHP Comprehensive Conflict of Interest Statement (See Attachment A), an explanatory memorandum (See Attachment B), as well as the Antitrust Compliance Policy for PHP (See Attachment D).
5. In addition, the members of the Boards of Trustees/Directors of PHP are required to complete an individual questionnaire (See Attachment C) which provides a vehicle for disclosure of any conflicts or potential conflicts as well as an acknowledgement statement (See Attachment D) acknowledging their receipt of the Antitrust Compliance Policy and their compliance with that policy.
6. A Board member shall promptly respond to conflicts of interest questionnaires when they are distributed on an annual basis for answer by the Chairman of the Board of Trustees, President or their delegates.
7. A Board member shall promptly acknowledge, in writing, the receipt of the Statement of Policy relative to Conflicts of Interest when requested to do so by the Chairman of the Board of Trustees, President or their delegates that they have read and understand same and agree to comply with it.
8. Any questions concerning conflict of interest should be addressed to the Corporate Compliance Officer.
9. Completed statements are provided to and maintained by the Corporate Compliance department for five years.
10. At each meeting of the Board, following approval of the minutes, the Board Chair shall request any Board member who perceives a potential conflict of interest on any of the meeting's agenda items to disclose such conflict at that time, so that the Board member can be excused and discussion and appropriate resolution of the potential conflict occur. In the event there are no conflicts, the meeting can then proceed.
11. Additionally, at any Board or any Board Committee meeting where the subject matter of this policy is discussed, the normally taken minutes shall contain the name of the party discussing a potential conflict of interest, its nature and whether a conflict of interest was found to exist.
12. If a conflict of interest is determined to exist, the Board member will abstain from voting on any matter before the Board or any committee thereof and leave such Board or committee meeting prior to transacting business with him or any institution in which he holds a substantial interest or position.
13. Additionally, the Board Chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction; and
14. After exercising due diligence, the Board shall determine whether PHP 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.
15. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, the Board shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
16. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

II. Management Staff, Purchasing Department Staff and Authorized Purchasers

1. It is the policy of the Corporation that all management staff with the authority to make decisions or influence the decision-making of other employees, shall make

CONFLICT OF INTEREST

all decisions based on the individual's determination of what is in the best interest of the Corporation.

2. In addition, any transactions or activities that have even the appearance or slightest possibility of a conflict of interest must be avoided, for the appearance of a conflict is as damaging to the employee and the Corporation as is an actual conflict
 3. On an annual basis, management staff and Purchasing Department staff of PHP and its family of companies, are required to review the PHP Comprehensive Conflict of Interest Statement (See Attachment A), an explanatory memorandum (See Attachment B), as well as the Antitrust Compliance Policy for PHP (See Attachment D).
 4. In addition, the management staff and Purchasing Department staff of PHP are required to complete an individual questionnaire (See attachment C) which provides a vehicle for disclosure of any conflicts or potential conflicts as well as an acknowledgement statement (See Attachment D) acknowledging their receipt of the Antitrust Compliance Policy and their compliance therewith.
 5. Any questions concerning conflicts of interest should be addressed to the Corporate Compliance Officer.
 6. Completed statements are provided to and maintained by Corporate Compliance for five years.
 7. Promptly respond to conflict of interest questionnaires when they are distributed on an annual basis for answer by the Chairman of the Board of Trustees, President or their delegates.
 8. Consequences for failure to disclose potential or actual conflicts will be reviewed and addressed in accordance with HR Corrective Action policy.
- III. Employees - includes management staff not included in Section II.
1. Employees should not engage in transactions with individuals and business concerns inside and/or outside of the Corporation where the interests of the Corporation and those of its employees are or might be in conflict.
 2. In all of such situations, the sole consideration must be the best interest of the Corporation. Decisions to engage in transactions with individuals or business concerns inside and/or outside of the Corporation must not be influenced by self-interest on the part of the employee which is actually or potentially in conflict with the best interests of the Corporation.
 3. In addition, any transactions or activities that have even the appearance or slightest possibility of a conflict of interest must be avoided, for the appearance of a conflict is as damaging to the employee and the Corporation as is an actual conflict.
 4. So that conflicts of interest may be avoided, the following should be considered a non-exclusive guide to circumstances which involve actual or potential conflicts of interest:
 - a. Ownership by an employee or member of his/her family or any financial interest in any business concern doing business with the Corporation in any capacity, except to the extent that such financial interest is an investment in a business concern listed on a stock exchange or actively traded over the counter where the employee's investment interest is negligible in relation to the total outstanding financial investment in such business concern.
 - b. Employees involved in business relationships, with others over which the employee has no direct control but will share in the business profit, shall not knowingly profit from any business dealings between the business and the corporation. (An example would be pyramid-type sales arrangements.)

CONFLICT OF INTEREST

- c. Use of Corporation assets, e.g., duplicating machines, computers, etc. by an employee for personal benefit, gain or non-hospital business without the express approval of the employee's supervisor.
 - d. Divulging confidential or privileged business information without the express approval of the President of the Corporation.
 - e. Engaging in any activities inside and/or outside of the Corporation, whether for personal gain or not, if engaging in such activities limits the ability of the employee to perform his/her duties on behalf of the Corporation to the highest standards of his/her abilities, unless such activities have been expressly approved by the employee's V.P. The supervisor of the affected employee should bring this activity to the attention of his/her director, who will then advise and counsel the employee.
 - f. Engaging in outside employment that directly conflicts with employee's scheduled working hours.
 - g. Competition with PHP by an employee, directly or indirectly, in the purchase, sale or ownership of property rights or interests, or business investment opportunities.
 - h. Acting in any capacity (officer, director, employee, and agent, etc.) for a competitor, supplier, contractor, customer or other person or organization doing business with PHP.
5. Any requests for an approval from the President to engage in any of the above or similar activities must be first submitted, in writing, to the Corporate Compliance Officer.
 6. The request will be reviewed and then forwarded, with an appropriate recommendation, to the President for his/her action.
 7. The requesting party will be notified of the President's decision by the Corporate Compliance Officer.
 8. Any employee that violates this policy will be appropriately counseled and/or disciplined, depending on the nature of the violation and in accordance with HR Corrective Action policy.

IV. Oversight

1. The Corporate Compliance Officer reports the results of the PHP Conflict of Interest questionnaires no less than annually to the Board of Trustees by way of the Compliance and Audit Committee.
2. Periodically, the Internal Audit Department will review a sample of completed Conflict of Interest questionnaires and report results to the PHP Compliance and Audit Committee.
3. Audit of Board minutes to review discussion(s) of potential or actual conflicts as presented by Board member.

ATTACHMENT A

PREMIER HEALTH PARTNERS COMPREHENSIVE CONFLICT OF INTEREST STATEMENT

WHEREAS, a fiduciary relationship exists between members of the various Boards, Officers and Management Employees of Premier Health Partners and all of its affiliated, associated or subsidiary companies, as now exists or are hereinafter acquired or constituted, (hereinafter referred to as "the Corporation"), which carries with it a strict and unbending duty of loyalty, and

WHEREAS, it is the responsibility of the Trustees, Directors, Officers and Management Employees of the Corporation to administer affairs honestly and economically, exercising their best care, skill and judgment for the benefit of the Corporation and the community which it serves, and

WHEREAS, the Code of Regulations or other policies and procedures of the Corporation require full and continuing disclosure of any material conflict of interest on the part of a Trustee, Director, Officer, or Management Employee, and

WHEREAS, it is deemed to be timely and appropriate to adopt a CODE OF CONDUCT for the guidance of the Trustees, Directors, Officers, and Management Employees so as to avoid any material conflict of interest in the performance of their official duties.

NOW THEREFORE:

First: Trustees, Directors, Officers and Management Employees shall exercise the utmost good faith in all transactions touching upon their duties to the Corporation and its property. In their dealings with and on behalf of the Corporation, they are held to a strict rule of honesty and fair dealing between themselves and the Corporation. They shall not use their positions, or knowledge gained therefrom, so that a conflict might arise between the Corporation's interests and those of the individual.

Second: All acts of Trustees, Directors, Officers and Management Employees shall be in the best interests of the Corporation in achieving its corporate purposes, including the promotion of the overall general health of the community. No act shall be motivated by a personal, proprietary purpose or interest of any person covered by this policy or members of their immediate families.

Third: No Trustee, Director, Officer or Management Employee shall accept any favors or gifts which would violate corporate policy on acceptance of entertainment or gifts from vendors.

Fourth: Management Employees shall avoid outside employment or activity which may compete with or be in conflict with the interests of the Corporation.

Fifth: Each Trustee, Director, Officer and Management Employee shall annually submit to the Chairman of the Board of Premier Health Partners a completed questionnaire, and indicate thereon any conflict of interest which may appear to exist.

Pursuant to the Code of Regulations of the Corporation, you have an obligation to make full and continuing disclosure of any conflict of interest. **YOU ARE, THEREFORE, REQUESTED TO SIGN AND RETURN THE ENCLOSED FORM, DISCLOSING ANY SITUATION IN WHICH YOU ARE, HAVE BEEN OR MIGHT BECOME INVOLVED WHICH COULD BE CONSTRUED AS PLACING YOU IN A POSITION OF HAVING A CONFLICT OF INTEREST.** The Corporate Compliance Officer, Dianne Judge, is available at 208-9794 to discuss with you any questions you might have with respect to any such situation.

_____, Chairman
Premier Health Partners Board of Trustees

**PREMIER HEALTH PARTNERS
EXPLANATORY MEMORANDUM**

To assist your review, it should be noted that a conflict of interest may be considered to exist in those instances where the actions or activities of an individual on behalf of the Corporation also involve (a) the obtaining of an improper personal gain or advantage; (b) an adverse effect on the institution's interests; or (c) the obtaining by a third party of an improper gain or advantage. Conflicts of interest can arise in other instances. While it is impossible to list every circumstance giving rise to a possible conflict of interest, the following will serve as a guide to the types of activities which might cause conflicts and which should be fully reported:

1. Gifts, Gratuities and Entertainment:

Pursuant to Premier Health Partners' policy, officers and management employees may not accept gifts, promotional items or entertainment (e.g. business meals, sporting or cultural event or participation in a sporting activity) from any person or entity which does, or is seeking to do business with, or is a competitor of the Corporation.

As to Board members, acceptance by an individual (including members of his family) of gifts, entertainment, or other favors from any person or entity which does, or is seeking to do business with, or is a competitor of the Corporation. This does not include the acceptance of business meals or social functions which are of an educational nature and not related to any particular transaction or activity of the Corporation, as limited to such circumstances as are permitted by corporate policy.

2. Investments - Financial Interests:

- a. Holding by an individual, directly or indirectly, of a material financial interest in any outside entity (1) from which the Corporation secures goods or services (including the service of buying or selling stocks, bonds, or other securities) or (2) which is a competitor of the Corporation. A material financial interest is an ownership or investment that is greater than five percent (5%).
- b. Competition with the Corporation by an individual, directly or indirectly, in the purchase or sale of property rights or interest.
- c. Representation of the Corporation by an individual in any transaction in which the individual or a member of his family has a material financial interest.

3. Outside Activities: (Not applicable to Trustees and Directors.)

- a. Rendition by an individual of any directive, managerial or consultative service to any outside concern which does business with, or is a competitor or anyone else.
- b. Receipt of compensation or remuneration in excess of \$5,000 during the previous twelve months or the expectation of receiving compensation or remuneration during the next twelve months from an entity with which the corporation has or is negotiating a transaction or business arrangement or an entity that directly competes with the corporation.

4. Inside Information:

Disclosure or use of confidential corporate information for the personal profit or advantage of the individual or anyone else.

Responses will be kept confidential except to the extent necessary for appropriate review. The completed Questionnaire should be returned to the PHP Corporate Compliance office by _____.

Chairman, Premier Health Partners Board of Trustees

**PREMIER HEALTH PARTNERS
INDIVIDUAL QUESTIONNAIRE**

Pursuant to the purposes and intent of the Articles of Incorporation adopted by the Corporation requiring disclosure of certain interests, I hereby state that I or members of my family including spouse or siblings and their spouses, parents, grandparents, children (and their spouses), and grandchildren (and their spouses) and others living in the reporting individual's home, have, or within the last year have had the following affiliations, occupations, or interests and/or have taken part in the following transactions that, when considered in conjunction with my position or relation to the Corporation, might possibly contribute to a conflict of interest. **Check "NONE" where applicable.**

1. **Outside Interests.**

Identify any affiliations, occupations or interests, other than investments, of yourself or your immediate family as described in the second numbered paragraph of the accompanying Explanatory Memorandum. () **NONE.**

2. **Investments.**

List and describe, with respect to yourself or your immediate family, all investments that might be within the category of "material financial interest" as described in the second numbered paragraph of the accompanying Explanatory Memorandum. () **NONE.**

3. **Outside Activities.**

Identify any outside activities, as described in the third numbered paragraph of the accompanying Explanatory Memorandum. () **NONE.**

4. **Other.**

List any other activities in which you or your immediate family are, or in the last year were engaged that might be regarded as constituting a conflict of interest, giving particular attention to the paragraph numbers three and four of the accompanying materials.
() **NONE.**

I hereby certify that neither I nor any member of my immediate family has accepted gifts or entertainment from vendors which violate corporate policy.

I understand and agree that any future situation concerning a possible conflict of interest which might arise will be reported promptly to the Corporate Compliance Office at Premier Health Partners.

Signature

Date

Print name (legibly please)

Occupation

**PREMIER HEALTH PARTNERS
ANTITRUST COMPLIANCE POLICY**

TO: All Trustees, Directors, Officers and Management Employees

WHEREAS, it is the policy of Premier Health Partners and all of its related or affiliated companies to fully comply with all laws governing its operation and to conduct its affairs in keeping with the highest moral, and ethical standards, especially as to both federal and state laws relating to conduct amounting to antitrust and restraint of trade; and

WHEREAS, it is deemed timely and appropriate to adopt a corporate-wide policy for the guidance of all trustees, directors, officers and employees on the subject.

NOW THEREFORE BE IT RESOLVED that the following policy be and the same is hereby adopted:

Compliance with the law, including antitrust and trade regulations, means not only complying with the law but conducting all business activities so that the corporation will deserve and receive recognition as a good and law abiding citizen, alert to its responsibilities in all areas of good citizenship. Even when the law is not applicable, standards of ethics and morality relate to corporate activities and require the same diligence and attention to good conduct and citizenship.

Any clear infraction of the applicable laws or of recognized ethical business standards will subject a Trustee, Director, Officer or Employee to disciplinary action, which may include removal, reprimand, probation, suspension, reduction in salary, demotion or dismissal, depending upon the position of the individual involved and the seriousness of the offense. By way of example, agreements with competitors to fix prices, to boycott, to exclusively deal, or to divide or allocate markets, in restraint of trade as defined by federal and state laws on antitrust could result in dismissal.

There is both a corporate and an individual obligation to fulfill the intent of the above policy. It is not expected that every Trustee, Director, Officer or Employee will be fully versed in the law affecting his responsibilities. However, it is expected that every individual with significant responsibilities will have a working knowledge of the law relevant to his activities and will seek guidance from the Corporation's Chief Legal Officer or his staff concerning any matter on which he has any question. Furthermore, it is the responsibility of every individual of the corporation who may, in any way, affect the corporation's compliance with the antitrust laws as well as other laws and with standards of ethical and moral conduct to carry out the corporate policy.

The Chief Legal Officer is responsible for constant review and interpretation of the laws and should be called upon for guidance and consultation if questions arise regarding this policy. This policy should be communicated to all affected individuals on at least an annual basis by the Chief Legal Officer and areas of material risk or concern should be stressed in the communication.

Not less than once each year, the Chief Legal Officer will update each affected Board on the law of antitrust and any changes that could impact upon the operations of the corporation. The Board will advise the Chief Legal Officer on any additional communication or follow-up that may be necessary or desirable. It is the responsibility of each individual, if he is in doubt as to whether a particular act or course of action is legal, to seek guidance and advice from the Chief Legal Officer.

ACKNOWLEDGMENT

I have read the statement of antitrust compliance and ethical conduct governing all board members, officers and employees of Premier Health Partners and its related and affiliated companies and agree that I will not knowingly engage in any activities opposed to this statement.

Signature

Date

Print name (legibly please)