

**NORTH CAROLINA BAPTIST HOSPITAL
POLICY AND PROCEDURE BULLETIN**

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SUBJECT: Conflicts of Interest Policy

I. POLICY

It is the policy of North Carolina Baptist Hospital (“Hospital”) and its subsidiaries (collectively “NCBH”) to maintain and expect high standards of conduct by its Boards of Trustees/Directors, Administrative Officers, and other individuals who have significant influence over the operations of NCBH (“Key Employees”), and it is the policy of NCBH that these individuals are to disclose any actual or possible Conflict of Interest.

This policy is intended to supplement but not replace any applicable state or federal laws governing Conflicts of Interest applicable to nonprofit and charitable organizations.

II. PURPOSE

To establish the responsibility of the NCBH Boards of Trustees/Directors, Administrative Officers and other Key Employees to make full disclosure of any actual or possible Conflict of Interest.

III. PROCEDURE

A. Introduction and General Policy Statement

NCBH is committed to pursuing its charitable missions and conducting business in a responsible and ethical manner. Many individuals serve NCBH in a variety of capacities that involve making or influencing significant decisions. Some of these individuals may have or develop personal interests which create a conflict between those personal interests and the interests of NCBH (“Conflict of Interest”), or which could be perceived as creating such a conflict.

Conflicts may arise when:

1. the interest or activities of an individual or those of a member of his or her family (spouse, child, parent, sibling, including step-children, parents and siblings) are competitive with or otherwise adverse to those of NCBH; or
2. the individual is in a position to influence a transaction or decision in such a way that it will, or might appear to, benefit the individual or his or her family member.

Such perceived or actual conflicts can best be addressed and resolved through full disclosure and review by appropriate individuals, together with a process for the approval of business decisions and transactions by non-interested decision makers.

B. Standards

1. An individual shall not vote on, influence, or make recommendations regarding a transaction or decision when the individual or a member of his or her family has a Material Interest (defined below) in an entity or property involved in the transaction or decision.
2. An individual, member of his or her family, or an entity in which one or more of them has a Material Interest may not do business with, or compete with, NCBH unless expressly authorized by the appropriate governing body or officer after full disclosure.

a. Determining a Material Interest

For purposes of compliance with B (1) and (2) above and C (1), (2) and (3) below, a Material Interest is defined to exist in, but is not limited to, the following circumstances:

- i. an individual and/or member of his or her family having a combined ownership or investment interest of greater than five percent (5%) in an entity or property;
- ii. an individual (or a member of his or her family) serving as a director, trustee, officer, partner, employee, consultant, agent, or advisor (whether in a paid or voluntary capacity)

of or to an entity (including but not limited to health care providers) other than NCBH;

- iii. an individual holding an elected or appointed office or position in a branch of government or in a regulatory agency having authority or jurisdiction over providers of health care (for members of the judiciary, areas of conflict of interest will be as defined by the Code of Judicial Conduct);
 - iv. an individual (or member of his or her family) competing with NCBH in the purchase or sale of property or any property right, interest or service.
3. An individual or member of his or her family shall not accept cash gifts in any amount or non-cash gifts or favors of value under circumstances that might lead to the inference that the gift or favor was intended to influence his or her decision-making while serving NCBH. Personal gifts or favors from patients/families must be limited to small tokens of appreciation (e.g., flowers or baked goods). Otherwise, if it is unclear whether a non-cash gift or favor is appropriate, the individual should seek approval from the appropriate governing body or president or senior Administrative Officer prior to acceptance, and the individual must notify the Internal Audit and Compliance Director by email or in writing of all material facts relevant to the non-cash gift or favor.
 4. An individual should not disclose or use information of NCBH for personal profit or advantage or use or disclose confidential and/or strategic information in advance of its authorized release.

C. Process for Addressing a Potential Conflict

1. Annual Certification: Annually, each individual to whom this Policy applies shall certify through the electronic certification process to the Internal Audit and Compliance Department that the individual:
 - a. has received a copy of this Policy;
 - b. has read and understands this Policy;
 - c. has agreed to comply with this Policy; and
 - d. understands that NCBH is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more exempt purposes.

The Internal Audit and Compliance Director shall present the results of the annual certification process to the Hospital President and to the Hospital Board Audit and Compliance Committee.

2. Upon acceptance of his or her position, every individual to whom this Policy applies shall be provided a copy of this Policy and be asked to disclose any known conflicts of interest.
3. Specific Disclosure – Employee: An employee of NCBH to whom this Policy applies and who is in a position to approve or influence a particular transaction or decision in which the employee (or his or her family member) has a Material Interest in an entity or property involved in the transaction or decision, shall disclose without delay the Material Interest to his or her supervisor, as appropriate, and then to the Internal Audit & Compliance Department for review and resolution prior to any action by NCBH. The Internal Audit & Compliance Department shall seek guidance in these matters from the Hospital President or his or her designee and the NCBH Legal Affairs Department as appropriate.
4. Specific Disclosure – Trustee or Director: An individual serving as a Trustee, Director or member of a Board Committee who is in a position to vote on or influence a particular transaction or decision when the individual (or his or her family member) has a Material Interest in an entity or property involved in the transaction or decision, shall without delay:
 - a. disclose the conflict to the Board or Committee prior to any action by appropriate governing body of NCBH;
 - b. not participate in discussion of the transaction or decision; and
 - c. not vote or be counted in determining a quorum for purposes of the related vote.

The transaction or decision must be approved by a vote of two-thirds of the non-interested Trustees, Directors, or Committee members present at the meeting. If the transaction or decision is approved, the minutes of the meeting should reflect the reasons that the transaction was deemed to be in the best interests of the affected organization and that the terms are at least as favorable as those which are or would be available under competitive, disinterested proposals. (It is not necessary in all circumstances to solicit competitive proposals if the relevant terms can

be reasonably evaluated without such proposals or if no competitive proposal is reasonably available).

If a transaction or decision involving a potential conflict is approved pursuant to this Policy by a NCBH subsidiary which is required by its Bylaws to seek the approval of the Hospital for such transaction or decision, the potential conflict and its resolution shall be reported to the Hospital at the time of, or prior to, the request for approval.

D. Violations of the Conflicts of Interest Policy

If the applicable Board (or any committee thereof) or Hospital President has reasonable cause to believe that an individual subject to this Policy has failed to make a conflict of interest disclosure required by this Policy, it shall inform that individual of the basis for such belief and shall afford the individual an opportunity to explain the alleged failure to disclose. If, after hearing the response of the individual and making such further investigation as may be warranted under the circumstances, the Board or the Hospital President determines that the individual has in fact failed to make a required disclosure, it shall take appropriate disciplinary and corrective action.

E. Records of Proceedings

The minutes of the Boards and all committees with Board delegated powers will contain the names of the persons who disclosed or otherwise were found to have a Material Interest in connection with an actual or potential conflict of interest, the nature of the actual or potential conflict of interest, the names of the persons who were present for discussions and votes relating to the transaction or arrangement, a summary of the discussion, and a record of any votes taken in connection therewith.

F. Periodic Review

To promote regulatory compliance, including the avoidance of impermissible private benefit, private inurement, or excess benefit to persons possessing substantial influence over the affairs of NCBH, the Hospital Board will conduct or initiate reviews as it deems appropriate or necessary of: (i) compensation arrangements; (ii) acquisitions of physician practices and other provider services; (iii) partnership and joint venture arrangements and arrangements with management services organizations and physician hospital organizations; and (iv) agreements to provide health care and agreements with other health care providers, employees, and third-party payers.

IV. COMPENSATION POLICY

A voting member of any body whose jurisdiction includes approval of individual compensation of one of the NCBH entities and who receives compensation, directly or indirectly, from that entity for services, is precluded from voting on matters pertaining to that member's compensation. A practicing physician who receives compensation, directly or indirectly, from NCBH, whether as an employee or an independent contractor, is precluded from voting membership on any committee of NCBH whose jurisdiction includes approval of individual physician compensation. No physician, either individually or collectively, is prohibited from providing information to any Committee regarding physician compensation.