



Conflicts of Interest

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01/01/2000
System Policies

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1. Scope

This Conflicts of Interest Policy (the "Policy") applies to all Baylor Health Care System and its System Designated Entities (collectively "BHCS") employees and those who conduct business for or on behalf of BHCS, or those who are in a position to commit BHCS resources.

2. Purpose

The purpose of this Policy is to create an environment where patient care and business activities are conducted in an objective manner and are not motivated by desire for personal or financial gain.

This Policy is designed and implemented in an attempt to assure compliance with the requirements of all applicable Federal and state laws and regulations, including the laws, rules and regulations that govern the tax-exempt status of Baylor Health Care System and its tax-exempt System Designated Entities, participation by BHCS in government health care programs (e.g. Medicare, Medicaid, TriCare, etc.) and accreditation of BHCS hospitals by the Joint Commission on Accreditation of Hospital Organizations. Additionally, this Policy is established to protect the interests of BHCS when entering into a transaction or arrangement that may potentially benefit the private interest of an officer, director or other person/entity affiliated with or in a position to exercise substantial influence or control over the affairs of BHCS.

This Policy is intended to supplement but not replace any applicable federal and state laws governing conflicts of interest applicable to nonprofit, research and charitable organizations, as well as the more detailed internal policies, procedures and standards of conduct governing the various activities of BHCS.

3. Policy

3.1 Duty to Disclose

3.1.1 All BHCS Board Members and Non-Board Members have the duty to disclose any actual or potential Conflicts of Interest, including the existence and nature of any Financial or Non-Financial Interest, through the submission of the BHCS Statement of Disclosure of Outside Interests and Activities ("Disclosure Statement") on an annual basis or as potential Conflicts of Interest are identified.

3.1.2 All individuals who have a duty to disclose, by completing the Disclosure Statement, agree to comply with this Policy and the BHCS Code of Ethical Conduct.

3.1.3 BHCS, at its discretion, may designate any employee or other individual who conducts business for or on behalf of BHCS as a person required to complete a Disclosure Statement.

3.2 Management of Conflicts of Interest

The BHCS Board of Trustees Audit and Compliance Committee ("Audit and Compliance Committee") and/or the BHCS Corporate Compliance Committee ("Corporate Compliance Committee") will review all potential or actual Conflicts of Interest that are disclosed by an Interested Person to determine the appropriate disposition of the disclosed Conflict of Interest, as set forth in the BHCS Conflicts of Interest Procedure.

3.3 Compensation and Voting

3.3.1 A voting member of the BHCS Board of Trustees or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from BHCS for services is precluded from voting on matters pertaining to his or her own compensation.

3.3.2 No voting member of the BHCS Board of Trustees or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from BHCS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

3.3.3 Except as required by law, physicians who receive compensation, directly or indirectly, from BHCS, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

3.4 The minutes of the Audit and Compliance Committee or other BHCS board or committee shall contain:

3.4.1 An annual summary of the Disclosure Statements and Conflicts of Interest with the Audit and Compliance Committee's and/or the Corporate Compliance Committee's decision regarding the disposition of the Conflicts of Interest. The summary shall contain the names of the persons who disclosed or otherwise were found to have an actual or potential Conflict of Interest, the nature of the Financial or Non-Financial Interest, and the board or committee's decision as to the disposition of the Conflict of Interest.

3.4.2 The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

3.5 All written declarations, reports and other documentation, which arise from this Policy are considered confidential documents and shall be maintained as such by the appropriate BHCS officers, committees and employees in charge of such documentation.

3.6 The Audit and Compliance Committee, Corporate Compliance Officer, Corporate Compliance Committee and/or a representative thereof shall take appropriate disciplinary and corrective action, up to and including separation from employment or affiliation with BHCS, against any individual who fails to comply with this Policy.

4. Responsibilities

4.1 The BHCS Audit and Compliance Committee is responsible for the approval and oversight of this Policy.

4.2 The Corporate Compliance Committee is responsible for implementing and enforcing the provisions set forth in this Policy and related procedures.

4.3 The Corporate Compliance Committee is responsible for an annual review of this Policy and the related procedures.

5. Definitions

When used in this policy, these terms and abbreviations have the following meanings:

Terms and Abbreviations	Definitions
Board Members	Members of a BHCS Board of Trustees, Managers or Directors, members of committees with board authority, or members of a BHCS Advisory Board.
Conflict of Interest	A "Conflict of Interest" is any circumstance under which an "Interested Person", by virtue of a "Financial or Non-Financial Interest", is influenced, may be influenced, or may appear to be influenced, either in whole or in part by a purpose, motive or other personal interest other than the success and well-being of BHCS and the achievement of its public charitable purposes. A Conflict of Interest occurs if a person's personal activities or interests either appear to, could or actually do influence the decisions required as part of the individual's position at, and obligation to BHCS.

Financial or Non-Financial Interest	<p>A person has a “Financial or Non-Financial Interest” if the person, a “Member of the Family”, or an entity in which the person holds a Material Interest has:</p> <p>A: Any Material Interest in, or employment or other financial arrangement with, any business or entity that conduct or seeks to conduct business, directly or indirectly, with BHCS;</p> <p>B: Received any compensation, whether it be salary, sales commission, revenue, or return on investment, which was directly or indirectly derived as a result of business with BHCS (excluding regular employee compensation from BHCS);</p> <p>C: Any Material Interest in, or employment or other financial arrangement with, any business or entity that is or could be in competition, directly or indirectly, with BHCS;</p> <p>D: Received from any business, entity or other outside person that conducts business with, seeks to conduct business with, or is or could be a competitor of BHCS, any cumulative Gifts in excess of Twenty-Five Dollars (\$25.00) in a year;</p> <p>E: Served or currently serves as a director, trustee, officer or in any other fiduciary or key employee capacity for a non-BHCS corporation, partnership, or other business or entity that conducts or seeks to conduct business, or that is or could be in competition, directly or indirectly, with BHCS; or</p> <p>F: Any other activity or interest which might be regarded as a potential Conflict of Interest with BHCS.</p>
Gift	<p>A gift or favor for which you pay nothing or less than fair market value. Gifts may be tangible or intangible benefits, including but not limited to such items as meals, drinks, entertainment, hospitality, honoraria, recreation, sporting events, discounts, tickets, passes, promotional items, securities, subsidies, real property, personal property, or use of a giver’s time, material or equipment. A Gift does not include reasonable business entertainment and business meals.</p>
Interested Person	<p>An “Interested Person” includes any Board Member, Non-Board Member or other designated individual who has a direct or indirect Financial or Non-Financial Interest. If a person is an Interested Person with respect to any entity in BHCS, he or she is deemed to be an Interested Person with respect to all entities of BHCS.</p>
Material Interest	<p>A financial interest through investment, ownership or otherwise which either: (a) has a current fair market value of \$1,000 or more (excluding ownership or other investment in publicly traded stock or securities); or, (b) is a five-percent or greater ownership position in an entity regardless of the dollar value of the investment. A "five-percent or greater ownership position" means ownership (actual or constructive) of stock possessing five-percent or more of the combined voting power of a corporation, or ownership (actual or constructive) of more than five-percent of the profits interest or beneficial interest in a partnership, trust or estate. The term "combined voting power" means voting power represented by holding of voting stock (actual or constructive).</p>
Member of the Family	<p>A spouse; birth, adoptive, or step parent; child or step child; sibling (by whole or half-blood); stepbrother or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law; grandparent, grandchild, or great grandchild; and spouse of a grandparent, grandchild or great grandchild.</p>
Non-Board Members	<p>Officers, Presidents, Administrators, Administrative Directors, Department Directors, Medical Directors and other Administrative Physicians, and certain other physicians within BHCS, and certain other employees in a position to commit BHCS resources to acquire goods or to refer patients for health goods or services. Also includes any other employees or individuals designated at the discretion of BHCS.</p>
System Designated Entity	<p>An entity which is subject to this Policy and is included on the list maintained by the BHCS Office of Tax Management.</p>

6. Audit and Monitoring Requirements

To assure that BHCS operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, BHCS management shall conduct periodic reviews of the potential Conflicts of Interests and other financial relationships identified under this Policy. The periodic reviews shall, at a minimum, include the following subjects:

6.1 Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

6.2 Whether partnerships, joint ventures, and arrangements with management organizations conform to BHCS's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further BHCS's charitable purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

7. Related Internal Documents

Document Identifier	Document Name
	BHCS Code of Ethical Conduct
	Baylor Research Institute Conflicts of Interest Policy
	BHCS Review and Approval Process Resolution
	BHCS Conflicts of Interest Procedure
	BHCS Statement of Disclosure of Outside Interest and Activities
	BHCS Vendor Gift Policy