

**1.06 CONFLICT OF INTEREST POLICY**

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**Approved By:**  
Executive Compliance Committee

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***1.06 Conflict of Interest Policy***

**PURPOSE**

The purpose of the policies and directives set out in this policy statement is to assure that the business conducted by the Hospital is conducted free from the possible influence of conflicts of interest of Board Members, Officers, or Key Persons.

This policy statement applies to the following persons:

- "Board" is the Board of Trustees of the Hospital and includes committees of the Board.
- "Board Members" are the members of the Board of Trustees of the Hospital.
- "Officers" are the elected or appointed officers of the Hospital, as provided in the Hospital's Corporate Bylaws.
- "Key Persons" are the President/Chief Executive Officer and any Senior Vice President, Vice President, Department Head, or Clinical Chairman, and other persons designated by the President/Chief Executive Officer, or his/her designee.

The President/Chief Executive Officer, or his/her designee, shall designate as Key Persons such other persons who have roles in the management or administration of the Hospital, including but not limited to compensated members of the professional staff, who are in a position to influence substantive business decisions on behalf of the Hospital.

**DEFINITIONS**

"Transaction" includes the purchase, sale, or lease of assets by or to the Hospital, the rendering of services in any capacity for remuneration to the Hospital, or any loan from or to the Hospital.

"Vendor" is any person, company or entity that has or seeks to enter into a Transaction with the Hospital, including but not limited to, a manufacturer, supplier, lessor, financial institution, consultant, accountant, lawyer and independent practice association, insurance company, health maintenance organization, and other managed care organization.

"Immediate family" is a spouse, parents, children, brothers and sisters, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law.

A "financial interest in a Vendor" includes being employed by, having a contractual relationship with, being a member, owner, director, or officer of, or having a financial interest in, a Vendor that has or seeks to enter into a Transaction with the Hospital. If the financial interest is the ownership of securities which are publicly traded, such interest has to be disclosed only if the combined holdings of the securities of both the affected person and his/her immediate family constitute 5% or more of the outstanding securities of the entity concerned.

## **ADMINISTRATION**

This policy statement and the policies and directives which it sets forth shall be administered for the Hospital by, or under the direction of, the Audit and Compliance Committee of the Board.

## **DISCLOSURE AND MANAGEMENT OF POTENTIAL CONFLICTS**

***Potential Conflicts.*** A potential conflict may exist if a Board Member, Officer or Key Person, or his/her immediate family, seeks to engage in a Transaction with the Hospital or has a financial interest in a Vendor that could be viewed as possibly compromising the person's loyalty to the Hospital and obligation to make decisions that are only in the Hospital's best interest.

***Duty to Complete Questionnaire.*** Each Board Member, Officer or Key Person of the Hospital shall complete a conflict of interest questionnaire upon becoming a Board Member, Officer, or Key Person of the Hospital and annually thereafter. The questionnaire shall be substantially in the form attached to this policy statement or as otherwise prescribed by the Audit and Compliance Committee.

***Duty to Update Information and Resolution of Potential Conflicts.*** Each Board Member, Officer, or Key Person shall promptly advise the Hospital's Compliance Officer, or if such office is vacant, the General Counsel, or his/her designee (the "Compliance Officer"), of any changes to the information provided in that person's last completed conflict of interest questionnaire and of any potential conflict of interest that may arise. If the person is not certain whether the matter poses a potential conflict of interest, he/she should discuss the matter with the Compliance Officer and the Hospital's General Counsel, if necessary. If the potential conflict of interest affects a Board Member or Officer, it will be reported to the Compliance Officer and will be resolved in accordance with the "Violations of the Conflict of Interest Policy" section below. If the

potential conflict affects a Key Person who is not an Officer, it will be reported to the Compliance Officer and will be resolved in accordance with the "Violations of the Conflict of Interest Policy" section below.

***Management Response.*** The Compliance Officer shall review all completed questionnaires, all subsequent advice of changes, and all disclosures of potential conflicts of interest. The Compliance Officer will discuss the potential conflict of interest with the President/Chief Executive Officer and other senior management, as appropriate, and with the Hospital's General Counsel, if necessary. President/Chief Executive Officer, or his/her designee, will take such action as is deemed appropriate to eliminate the potential conflict of interest, including such steps as reassignment of responsibilities or establishment of protective arrangements. Notwithstanding the foregoing, if the Compliance Officer believes there is a potential conflict of interest affecting a Board Member or an Officer, the potential conflict of interest will be resolved in accordance with the "Violations of the Conflict of Interest Policy" section below.

***Audit and Compliance Committee.*** All disclosures of potential conflicts of interest in completed questionnaires, subsequent advice of changes and any other disclosures of potential conflicts of interest, unless clearly irrelevant or immaterial, shall be compiled and reported by the Compliance Officer to the Audit and Compliance Committee, together, in each case, with the response or recommendation of senior management. The Audit and Compliance Committee shall determine whether the reported resolution of the potential conflict of interest raised by the disclosure is satisfactory and, if not, shall require such further action as it deems appropriate.

## **PROHIBITED RELATIONSHIPS AND ACTIVITIES**

***Service as a Member of the Board, Officer, or Employee of, or Consultant to, a Competing Health Care Institution.*** No Board Member, Officer, or Key Person shall serve as a member of the governing board, officer or employee of or consultant to any health care institution that is a substantial competitor of the Hospital, or where such service would be unlawful.

***Acceptance of Gifts or Entertainment.*** No Board Member, Officer, or Key Person shall accept gifts or entertainment from persons or Vendors that do or are seeking to do business with the Hospital that might be considered by an objective observer to have the potential for influencing his/her conduct of business on behalf of the Hospital. Gifts of money are never permissible. This policy is not intended to prohibit the exchange of social amenities or business courtesies of a nominal value, consistent with good taste and mature judgment.

## **SPECIAL PROVISIONS FOR BOARD PROCEEDINGS INVOLVING BOARD MEMBERS AND OFFICERS**

***Duty to Disclose.*** Each Board Member or Officer presenting a proposed Transaction, a proposed financial interest in a Vendor, or other potential conflict of interest, shall

disclose promptly the details of such matter for consideration by the Board.

***Participation in Board Discussion.*** Following such disclosure, the affected Board Member or Officer may not participate in the deliberations or use personal influence in the matter.

***Board Action.*** Following any such disclosure, and after such due diligence and such development and consideration of other alternatives, if any, as the Board shall deem appropriate, the Board may, in its discretion, authorize or approve the proposed Transaction, personal interest in a Vendor or other matter as determined to be fair and reasonable to the Hospital. Such action shall be by a vote sufficient for such purpose without counting the vote of the affected person and such person shall not be counted in determining the presence of a quorum at the meeting.

***Compensation Committees.*** No employee, member of the professional staff or any other person receiving compensation directly or indirectly from the Hospital shall serve as a member of a Board committee responsible for executive compensation matters.

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

Upon reasonable belief that a Board Member, Officer, or Key Person failed to comply with the policies and directives set forth in this policy statement, the Compliance Officer or the Hospital's General Counsel, in consultation with the chairman of the Audit and Compliance Committee, shall inform the affected person of the basis of the belief and provide an opportunity to explain the apparent noncompliance. If after considering the affected person's response and after making further appropriate investigations, if any, there is a determination that the affected person has, in fact, failed to comply with such policies and directives, appropriate corrective action shall be taken. If the matter involves a Board Member or an Officer, such action shall be determined by the Board. If the matter involves a Key Person other than an Officer, such action shall be determined by the President/Chief Executive Officer, in consultation with the Compliance Officer and the Chairman of the Audit and Compliance Committee, and, if necessary, with the Hospital's General Counsel. Such action by the President/Chief Executive Officer shall be reported to the Audit and Compliance Committee. The Audit and Compliance Committee may determine whether the corrective action is satisfactory and, if not, shall require such further action as it deems appropriate.

**NEW YORK DOWNTOWN HOSPITAL  
CONFLICT OF INTEREST QUESTIONNAIRE**

**QUESTION 1:** Do you or, to your knowledge, any member of your immediate family, have a financial interest in a Vendor that has or seeks to enter into a Transaction with the Hospital? (You need not report any financial interest in a Vendor if your and your immediate family's combined interest is less than 5% of the outstanding publicly traded shares of the Vendor.)

NO  YES IF "YES," please explain and give details:

**QUESTION 2:** Do you or, to your knowledge, any member of your immediate family, hold any position as a member, owner, director, officer, employee of, or consultant for, a Vendor that has or seeks to enter into a Transaction with the Hospital?

NO  YES IF "YES," please explain and give details:

**QUESTION 3:** Have you or, to your knowledge, any member of your immediate family, received or enjoyed, directly or indirectly, any gift, entertainment, compensation, reward, or other benefit of more than nominal value during the past year from any Vendor that has or seeks to enter into a Transaction with the Hospital?

NO  YES IF "YES," please explain and give details:

**QUESTION 4:** Have you or, to your knowledge, any member of your immediate family, engaged in any Transaction with the Hospital during the past year? You must report: any compensation received as salary, wages, or bonuses; any benefit received under the Hospital's written employee benefit plans or arrangements; any reimbursement of expenses; any provision of parking rights; any lease arrangement or other arrangement (written or verbal) for the use of space; any use or rental of Hospital residential property; or any provision or use by you or a member of your immediate family of personnel or services provided by the Hospital other than any health care services received from the Hospital on customary terms.

NO  YES IF "YES," please explain and give details:

**QUESTION 5:** Are you a member of the governing board or an officer, or other employee of, or consultant to, any health care institution other than the Hospital?

NO  YES IF "YES," please explain:

**ACKNOWLEDGMENT**

I acknowledge that I have read the policies and directives set out in the attached Conflict of Interest Policy Statement, and that I intend to abide by its provisions. I understand that I have an affirmative obligation to update the information stated above.

**DATE:** \_\_\_\_\_ **SIGNED:** \_\_\_\_\_

**PRINT NAME** \_\_\_\_\_

**PRINT TITLE AND DEPARTMENT (IF APPLICABLE):** \_\_\_\_\_

**BACKGROUND**

