

The Hospital Cooperative (THC)

Conflict of Interest Policy

Article I – Purpose

1. The purpose of the Board conflict of interest policy is to protect THC's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a director of a member hospital or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations.

Article II – Definitions

1. Interested person – any director, principal officer, or member of a community with governing board delegated powers, who has a direct or indirect financial or personal interest, as defined below, is an interested person.
2. Financial interest – a person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which THC has a transaction or arrangement
 - b. A compensation arrangement with THC or with any entity or individual with which THC has a transaction or arrangement
 - c. A potential ownership or investment interest in, or compensation agreement with, any entity or individual with which THC is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

3. Personal interest - an individual's personal interests or concerns are inconsistent with the best for the organization.

Article III – Procedures

1. Duty to Disclose – in connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial or personal interest and be given the opportunity to disclose all material facts to the Board or Executive Committee.
2. Recusal of Self – Any director may recuse him or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. Determining Whether a Conflict of Interest Exists – After disclosure of the financial or personal interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.
4. Procedures for Addressing the Conflict of Interest
 - a. An interested person may make a presentation at the Board or Executive Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The Chairperson of the Board or Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or Executive Committee shall determine whether THC 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.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Executive Committee shall determine by a majority vote of the disinterested directors, whether the transaction or arrangement is in THC's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
5. Violations of the Conflicts of Interest Policy
 - a. If the Board or Executive Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV – Records of Proceedings

The minutes of the Board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial or personal interest in connection with an actual or possible conflict of interest, the nature of the financial or personal interest, any action taken to determine whether a conflict of interest was present, and the Board's or Executive Committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for the 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 with the proceedings.

Article V – Conflict of Interest Statements

1. Each director, principal officer and member of a committee with Board delegated powers shall sign a statement upon joining the Board, which affirms such person:
 - a. Has received a copy of the conflict of interest policy
 - b. Has read and understands the policy
 - c. Has agreed to comply with the policy
2. If at any time, the information in the statement changes materially, the director shall disclose such changes and revise the disclosure form.
3. The Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing statements and taking such other actions as are necessary for effective oversight.

Director and Officer
Conflict of Interest Statement

1. Name: _____ Date: _____

2. Position:

Are you a voting Director? Yes No

Are you an Officer? Yes No

If you are an Officer, which position do you hold? _____

3. I affirm the following:

I have received a copy of THC Conflict of Interest Policy. _____ (Initial)

I have read and understand the policy. _____ (Initial)

I agree to comply with the policy. _____ (Initial)

4. Disclosures:

a. Do you have a financial or personal interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with THC?

Yes No

i. If yes, please describe: _____

ii. If yes, has the financial or personal interest been disclosed, as provided in the Conflict of Interest policy? Yes No

_____ Date: _____

Signature of Director

Date of Review by Executive Committee: _____