



Effective Date: September 11, 2015

Category: Governance

Title: Conflict of Interest Policy

PURPOSE

The purpose of this policy is to:

- (a) protect the interests of Alliance for Better Health Care, LLC (the “Company”) when the Company is contemplating entering into a transaction that might impact the private interest of a Covered Person (all capitalized terms are defined herein);
- (b) ensure Covered Persons act in the Company’s best interest; and
- (c) comply with applicable legal requirements
- (d) Based upon the provisions of this policy, potential Conflicts of Interest must be disclosed so that the Company can decide whether a Covered Person has a private interest that constitutes a Conflict of Interest with respect to a Transaction that is being contemplated. If a Conflict of Interest is found to exist, the party considering the Transaction will either avoid the conflict or appropriately scrutinize the Transaction giving rise to the conflict to ensure the Transaction is in the Company’s best interests.

POLICY STATEMENTS

From time to time, a person who is in a position of authority within the Company may have a private interest that conflicts with, or appears to conflict with, the interests of the Company. Conflicts of interest can occur in many circumstances and may involve professional or business relationships of the person in authority, or such person’s family members or businesses with which the person is closely associated. It is the Company’s policy that full disclosure to the party considering the Transaction in which the conflict arises is essential, even if the Covered Person is not participating in the decision-making with regard to such Transaction. The Board hereby delegates to the Compliance Committee any functions described herein as delegable to a committee of the Board.

SCOPE OF AUTHORITY / COMPETENCY

This policy addresses a Covered Person’s duty to disclose any Financial or Non-Financial Interests that may present a Conflict of Interest and how the Board of Managers, any committees of the Board, and the Senior Leadership Team are to assess and address actual and potential Conflicts of Interest that are disclosed.

DEFINITIONS

Conflict of Interest: A Conflict of Interest exists when a Covered Person is in a position to make, influence or participate in the Company’s decision to enter into a Transaction and the Covered Person (or a Family Member) can benefit from the decision about such transaction due to a Financial or Non-Financial interest, as determined by the appropriate party in accordance with this policy.

For purposes of this policy, however, the following should not be considered a conflict of interest: (i) the existence of a Participation Agreement and any Addendum or Amendment thereto between the Company and an organization whose officer or employee is a member of the Board of Managers (“The Board”) and (ii) the adoption or amendment of any methodology for the allocation of DSRIP funds, and allocation determinations made in accordance with such methodology, approved by the Member(s) under their reserved powers. However, in participating in such decisions, Member representatives are principally obligated to act in furtherance of the purposes of the Company.

All Conflicts of Interests shall be approved by the Board or an authorized committee thereof specifically empowered by the Board to act on the Board’s behalf.

1. Affiliate: An Affiliate of the Company includes any entity controlled by, in control of, or under common control with the Alliance for Better Health Care, LLC.
2. Compensation: Compensation includes all remuneration in any form, whether direct or indirect, overt or covert, in cash or in kind. For example, Compensation includes salary payments, bonuses, severance payments, deferred payment, retirement benefits, fringe benefits, stipends, loan and lease payments, the forgiveness of a debt, a decision by the Board not to sue an individual or entity, and gifts, favors, and other intangible benefits that are substantial in nature.
3. Compensation Arrangement: Compensation Arrangement means any contract, agreement or understanding involving Compensation, regardless of form of the contract, agreement or understanding. For example, Compensation Arrangement includes loans, contracts for the purchase or lease of goods or real property, and agreements to provide services as an employee or on an independent contractor basis.
4. Covered Employee: A Covered Employee means any employee of the Company who is
 - a. the Company’s top management official (e.g., Chief Executive Officer);
 - b. the Company’s top financial official (e.g., Chief Financial Officer or Director of Finance);
 - c. an employee with the title Vice President (including Chief Officers) or Director;
5. Covered Person: A Covered Person means
 - a. a member of the Company’s Board of Managers;
 - b. a voting member of a committee of the Board of Managers;a Covered Employee. If a person is a Covered Person with respect to any Affiliate, he or she is a Covered Person with respect to all Alliance for Better Health Care, LLC Affiliates.
6. Family Member: Family Member means a person’s spouse, partner or significant other, ancestors, children (whether natural or adopted), grandchildren, great-grandchildren, siblings (whether whole or half-blood), and the spouses, partners or significant others of children, grandchildren, great-grandchildren, and siblings.
7. Financial Interest: A person has a Financial Interest if the person (or a Family Member) has:
 - a. an Ownership or Investment Interest in (i) any entity with which the Company has a Transaction, (ii) any entity with which the Company is competing for a Transaction, or (iii) any entity that will benefit or be adversely affected as a result of a Transaction contemplated by the Company; or
 - b. a Compensation Arrangement with (i) the Company, (ii) any entity or individual with which the Company has a Transaction, (iii) any entity or individual with which the Company is competing for a Transaction, or (iv) any entity or individual that will benefit or be adversely affected as a result of a Transaction contemplated by the Company; or

- c. a potential Ownership or Investment Interest in, or Compensation Arrangement with, any entity or individual (i) with which the Company is negotiating a Transaction, (ii) with which the Company is competing for a Transaction, or (iii) that will benefit or be adversely affected as a result of a Transaction contemplated by the Company. A person has a “potential” Ownership or Investment Interest or Compensation Arrangement if the person is actively investigating or negotiating, or is legally obligated, to acquire such interest or to enter into such Compensation Arrangement.

A Financial Interest is not necessarily a Conflict of Interest.

In Competition: Another entity or individual that is competing with the Company for a particular Transaction or would benefit or be adversely affected, financially or otherwise, as a result of a Transaction contemplated by the Company.

8. Non-Financial Interest: A person has a Non-Financial Interest in any entity of which the person (or a Family Member) either is or has actual knowledge that he or she is being considered for election or appointment as (a) an officer or director/trustee of the board or company, or (b) a member of a board-designated committee of the board of an entity. A Non-Financial Interest is not necessarily a Conflict of Interest. *A Covered Person who has a Non-Financial Interest may have a Conflict of Interest only if it is determined that a Conflict of Interest exists.*
9. Ownership or Investment Interest: Any beneficial interest in an entity, whether through debt, equity, or otherwise, is an ownership or investment interest. Such interest includes, but is not limited to, stock, ownership (either voting power or value) of a company, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust, as well as loans, bonds or other financial instruments that are secured by an entity’s property or revenue. Ownership includes indirect ownership (e.g., ownership in an entity that had ownership in the entity in question); there may be multiple tiers of entities. Notwithstanding the foregoing, ownership of the following shall not be considered to be an ownership or investment interest for the purposes of this conflict of interest policy:
 - a. Ownership of investment securities (including shares or bonds, debentures, notes, or other debt instruments) which were purchased on terms generally available to the public and which are:
 - (i) securities listed for trading on the New York Stock Exchange, the American Stock Exchange, or any regional exchange in which quotations are published on a daily basis, or foreign securities listed on a recognized foreign, national, or regional exchange in which quotations are published on a daily basis, or
 - (ii) traded under an automated interdealer quotation system operated by the National Association of Securities Dealers, and
 - (iii) in a company that had, at the end of the Company’s most recent fiscal year, or on average during the previous 3 fiscal years, total assets exceeding \$75,000,000.
 - b. Ownership of shares in a regulated investment company as defined in section 851(a) of Title 26, if such company had, at the end of the company's most recent fiscal year, or on average during the previous 3 fiscal years, total assets exceeding \$75,000,000.
10. Related Party: A Related Party means
 - a. a Covered Person;
 - b. a Family Member of a Covered Person; or

- c. any entity in which a Covered Person or Family Member has a 35% or greater ownership or beneficial interests or, in the case of a partnership or professional corporation, a direct or indirect Ownership Interest in excess of 5%.
11. **Transaction:** Any action by the Company which may produce a commercial or personal benefit to an individual or to a limited number of individuals (as opposed to the public at large) is a transaction. For example, Transaction includes contracts for sale, lease, license, loans, and agreements to provide services as an employee or on an independent contractor basis, whether initiated during the Company's tax year or ongoing from a prior year. A Transaction also includes joint ventures, whether new or ongoing, in which either the profits or capital interest of the Company and the individual each exceed ten percent (10%), and decisions to sue or to forbear from bringing suit.

PROCEDURE

1. Duty to Disclose

All Covered Persons have a duty to disclose to the Company any Financial or Non-Financial Interests that may give rise to a Conflict of Interest. In making such disclosures, the following rules apply:

- a. Covered Persons shall annually disclose such interests by completing, signing and submitting an Annual Statement of Disclosure. New Board members shall submit their initial Annual Statement of Disclosure prior to their election. A Covered Person has a continuing obligation to update this information if it changes during the course of a reporting period.
- b. When the Company is considering a proposed Transaction, a Covered Person has a continuing obligation to disclose the existence and nature of any Financial or Non-Financial Interests that may give rise to an actual or potential Conflict of Interest in a timely manner, regardless of whether such interest has been disclosed on the Annual Statement of Disclosure:
 - (i) **Transactions Approved by the Board or Board Committee.**
 - (A) If the Covered Person is a Board member, member of a Board committee or a Covered Employee, the Covered Person shall be given an opportunity to disclose in good faith all material facts regarding his or her Financial or Non-Financial Interest to the Board or committee. If the Covered Person is not present or does not inform the Board or committee of the pertinent facts, such disclosure must be made by any other trustee, committee member or management who has knowledge of the facts.
 - (B) In lieu of making such disclosures at a Board or committee meeting, the Covered Person may disclose such information to the Board Chair or committee chair, or his/her designee (either upon request or on the Covered Person's own initiative), prior to the meeting at which such Transaction is to be reviewed by Board or committee. (*See Section 2(a)(i)(B) for next steps.*)
 - (ii) **Transactions Approved by Management.** Covered Employees to whom this policy applies shall be given an opportunity to disclose all material facts regarding his or her Financial or Non-Financial Interest to the appropriate party in accordance with Sections 2(b) and 2(c), respectively.
- c. Any person to whom this policy applies, who has knowledge of the existence of a Covered Person's Financial or Non-Financial Interest, has a duty to disclose such facts to the party contemplating a proposed Transaction.

- d. A Covered Person is prohibited from attempting to influence improperly the deliberation or voting on any matter or Transaction giving rise to a Conflict of Interest.

2. **Determining Whether a Conflict of Interest Exists**

The Board has ultimate responsibility for determining, in its sole and unfettered discretion, whether a Conflict of Interest exists. Such determination shall be binding upon all parties subject to this policy. A party's initial determination as to whether a Conflict of Interest exists may be subject to further review by the Board.

a. **Transactions Approved by the Board or Board Committee.**

- (i) Prior to any Board or committee meeting, the Board Chair or committee chair shall review the Disclosure Summary Report to determine if a Transaction that is being considered at a particular meeting is a Conflict of Interest (including those with a Covered Employee) or if a Board or committee member otherwise has a Financial or Non-Financial Interest in the Transaction:
 - (A) If an interest has been disclosed on an Annual Statement of Disclosure, the Covered Person shall be contacted by the Board Chair or committee chair to discuss the matter.
 - (B) After such discussion, or after a Covered Person has made a disclosure under Section 1(b)(i)(B), the Board Chair or committee chair shall determine whether the interest presents a possible Conflict of Interest. If it does, the Board Chair or committee chair shall ask the Board or committee member to recuse him/herself when the Board or committee is considering the Transaction. *Where a recusal occurs, it is presumed that a Conflict of Interest exists.*
 - (C) If the Board or committee member refuses a request to recuse, then the matter shall be presented to the Board or committee to determine whether a Conflict of Interest exists, in accordance with Section 2(a)(ii).
 - (D) The Board Chair or committee chair shall document all determinations regarding possible Conflicts of Interest (including those where it has been determined that a conflict does not exist) and report such determinations to the Board or committee prior to the discussion of the Transaction.
 - (E) The Board Chair or committee chair shall have the discretion to present any potential Conflicts of Interest to the Board or committee at any time.
- (ii) If a Covered Person discloses an interest at a Board or committee meeting, or if the matter is brought to the Board or committee meeting under Section 2(a)(i)(C) [refusal to recuse], the Covered Person shall leave the meeting while the Board or committee determines whether a Conflict of Interest exists. The remaining Board or committee members shall discuss and vote on the existence of a conflict, in accordance with Section 3(a)(v).
- (iii) If it is determined that a Conflict of Interest exists, or where a recusal has occurred, the Board or committee shall follow the procedures set forth in Section 3 when evaluating and voting on the Transaction. All Conflicts of Interest identified shall be referred to the Board for consideration or approval, unless the Board has authorized the committee to act on its behalf.

b. **Transactions Approved by Management.**

- (i) The Company's CEO, in consultation with the AFBHC Compliance Officer, shall review the Disclosure Summary Report when a Transaction is being contemplated by

management and determine whether a Conflict of Interest exists for any Covered Employees who are participating in the decision-making for the Transaction or are in a position to influence such decision-making. If a Conflict of Interest, the matter will be referred to the Board or Board committee for review and approval.

- (ii) If it is determined that a conflict exists, the Company's CEO (or designee) shall ask the Covered Employee to recuse him/herself from participating in such decision-making and/or from exerting any influence over such decision-making, and/or shall determine if any additional or alternative actions need to be taken.
- (iii) Notwithstanding the foregoing, Covered Employees have a continuing obligation to self-identify any potential conflicts and remove themselves from the decision-making process.

3. **Procedures for Addressing the Conflict of Interest**

It is not unlawful for the Company to enter into a Transaction in which a Conflict of Interest exists, so long as the Transaction is determined to be fair, reasonable and in the best interest of the Company at the time the Transaction is contemplated in accordance with the following rules:

- a. Transactions Approved by the Board or Board Committee. Where it has been determined by the Board or committee that a conflict exists, or a Board or committee member has recused him/herself due to a presumed conflict, approval of such Transactions shall occur as follows:
 - (i) A Covered Person may share with the Board or committee information about, or their view of, the Transaction, but he or she shall leave the meeting during the discussion and deliberation of, and the vote on, the Transaction that results in the Conflict of Interest.
 - (ii) The Board Chair or committee chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed Transaction to the extent any alternatives are available.
 - (iii) After exercising due diligence, the Board or committee shall determine whether the Company can obtain a more advantageous Transaction with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest.
 - (iv) If a more advantageous Transaction is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, the Board or committee shall determine by a majority vote of the disinterested Board or committee members present at the meeting whether the Transaction is in the Company's best interest and for its own benefit and whether the Transaction is fair and reasonable to the Company. The Board or committee shall make its decision as to whether to enter into the Transaction in conformity with such determination.
 - (v) The scope of the Covered Person's participation in the decision-making process for the Transaction being contemplated, where an actual or potential Conflict of Interest exists, is as follows:
 - (A) Deliberations. The Covered Person may not participate in or be present for the deliberations, nor use personal influence in the matter.
 - (B) Quorum. The Covered Person may not be counted in determining the presence of a quorum at a meeting of the Board or committee when authorizing the Transaction.
 - (C) Voting. The Covered Person's vote may not be counted in determining whether to enter into the Transaction.

- b. Transactions Approved by Management. Covered Employees shall present any additional information requested by the Company's CEO and AFBHC Compliance Officer regarding his/her Financial or Non-Financial Interest. Such employees shall not participate in any decisions regarding Transactions in which it has been determined a Conflict of Interest exists.

4. **Violations of the Conflicts of Interest Policy**

a. Board or Board Committee Members.

- (i) If the Board or committee has reasonable cause to believe that a person subject to this Conflict of Interest Policy has failed to disclose an actual or potential Conflict of Interest, the Board or committee shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- (ii) If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the person has in fact failed to disclose an actual or potential Conflict of Interest, it shall take appropriate disciplinary and corrective action, which may include the decision by the Board to terminate the person's relationship with the Company.
- (iii) If a Covered Person has not made a full disclosure to the Board, or if the vote of the Covered Person was needed to authorize the Transaction or the presence of the Covered Person was necessary to achieve a quorum, the Transaction shall be voidable at the option of the Company. This means that the Company has the right, in its sole discretion, to set aside and rescind the Transaction if it wishes, but may also insist upon the enforcement of the Transaction.

- b. Covered Employees. If the Company's CEO and AFBHC Compliance Officer determine that a possible Conflict of Interest has not been reported, appropriate disciplinary and corrective action shall be taken in accordance with the Company's policies and procedures.

RECORDS OF PROCEEDINGS

1. The minutes of the Board or committee contemplating a Transaction for which Conflict of Interest has been disclosed shall contemporaneously document the following:

a. Transactions Approved by the Board or Board Committee.

- (i) The names of the persons who disclosed or otherwise were found to have a Financial or Non-Financial Interest in connection with an actual or potential Conflict of Interest, the nature of the interest, any action taken to determine whether an actual or potential Conflict of Interest was present, any alternative Transactions considered, and the basis for any decisions by the Board or committee as to whether a Conflict of Interest in fact existed.
- (ii) The names of the persons who were present for discussions and votes relating to the Transaction and a record of any votes taken in connection therewith.
- (iii) A notation that the persons who disclosed or otherwise were found to have a Financial or Non-Financial Interest in connection with an actual or potential Conflict of Interest were not present for such discussions, deliberations and votes.

- b. Transactions Approved by Management. The CEO or his or her delegate shall maintain a record of all evaluations and determinations made regarding potential Conflicts of Interest disclosed by Covered Employees.

COMPENSATION MATTERS

1. Any person who receives Compensation, directly or indirectly, from the Company for services is precluded from being present for, or participating in, the deliberations and voting on matters pertaining to that person's Compensation.
2. Physicians who receive Compensation, directly or indirectly, from the Company, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes Compensation matters and, if a voting member of the Board, are precluded from discussing and voting on matters pertaining to other physicians' Compensation. No physician, either individually or collectively, shall be prohibited by this policy from providing information to the Board or any committee regarding physician Compensation.
3. The Board or an authorized committee may request a person who may benefit from a Compensation Arrangement to present information as background or answer questions at the Board or committee meeting prior to the commencement of deliberations and voting.

ANNUAL STATEMENTS

1. The Board has delegated to the Compliance Committee of the Board oversight authority for the implementation and compliance with this Conflict of Interest Policy, including the distribution and collection of the Annual Statements of Disclosure, gathering of any additional information needed, and producing a summary report of all Financial and Non-Financial Interests disclosed by Covered Persons ("Disclosure Summary Report").
2. On an annual basis, the Compliance Committee shall request that Covered Persons complete and sign an Annual Statement of Disclosure. Any individuals being considered for initial election to the Board are required to do so prior to election.
3. Covered Persons are required to complete an Annual Statement of Disclosure and submit such Form to the Compliance Officer within 30 days of the request to complete one or the date specified in the request.
4. The Compliance Officer shall give to the Chair of the Compliance Committee copies of all Annual Statements of Disclosure received for processing and follow up.
5. The Annual Statement of Disclosure shall include an affirmation by the signatory that he or she:
 - a. has received a copy of the Conflict of Interest Policy;
 - b. has read and understands the policy;
 - c. agrees to comply with the policy;
 - d. understands that the policy applies to all committees and subcommittees having Board-delegated powers;
 - e. understands that he/she is prohibited from attempting to influence improperly the deliberation or voting on any matters giving rise to a Conflict of Interest;
 - f. discloses any and all Financial or Non-Financial Interest(s) which has the appearance of a Conflict of Interest; and
 - g. understands that the failure to submit the Annual Statement of Disclosure in a timely manner may result in the termination of the person's relationship with the Company, as determined by the Board.
6. The Compliance Committee shall report to the Board at least annually the results of the Annual Statements of Disclosure process, including the Disclosure Summary Report. The Board, and in particular the Board Chair and committee chairs, shall use such information to (i) assist in identifying potential conflicts that may arise at Board and Board committee meetings and, in such

case, to ensure compliance with Section 2 and 3 of this policy, and (ii) take such other steps as may appear necessary to protect the Company from a Conflict of Interest.

7. The AFBHC Compliance Officer shall report to the Company's CEO the results of the Annual Statements of Disclosure process, including the Disclosure Summary Report, relating to Covered Employees. The CEO will use such information to (i) identify potential conflicts that may arise in connection with the decisions made by the Company, and (ii) take such other steps as may appear necessary to protect the Company from a Conflict of Interest on the part of a Covered Employee.

Approving Official: AFBHC Board of Managers	Effective Date: September 11, 2015
Key Sponsor: Compliance Officer	
Reviewed By: CEO	Original Date: September 11, 2015 Reviewed/Revised Date: June 26, 2020
Search Terms: conflict of interest, professional, business relationships, compensation, compensation arrangement, financial interest, non-financial interest, investment interest, transaction, duty to disclose	
Replaces: NEW	