

Title: Conflict of Interest	
Number: 732, Version: 13	Original Date: 12/12/2000
Effective: 04/27/2019	Last Review/Revision Date: 04/30/2021
Next Review Date: 04/30/2024	Author: David Bixby
Approved by: Administrative Policy Committee, Banner Health Board of Directors, BH System Operations Team, PolicyTech Administrators 04/25/2019	
Discrete Operating Unit/Facility: Banner Baywood Medical Center Banner Behavioral Health Banner Boswell Medical Center Banner Casa Grande Medical Center Banner Churchill Community Hospital Banner Del E Webb Medical Center Banner Desert Medical Center Banner Estrella Medical Center Banner Fort Collins Medical Center Banner Gateway Medical Center Banner Goldfield Medical Center Banner Heart Hospital Banner Ironwood Medical Center Banner Lassen Medical Center Banner Ocotillo Medical Center Banner Payson Medical Center Banner Thunderbird Medical Center Banner—University Medical Center Phoenix Banner—University Medical Center South Banner—University Medical Center Tucson East Morgan County Hospital McKee Medical Center North Colorado Medical Center Ogallala Community Hospital Page Hospital Platte County Memorial Hospital Sterling Regional MedCenter Torrington Community Hospital Washakie Medical Center Wyoming Medical Center	Banner Corporate Ambulatory Services Banner Health Clinics Banner Imaging Services Banner MD Anderson Cancer Center Banner Surgery Centers Banner Urgent Care Centers Occupational Health/Employee Services Rural Health Clinics Banner Home Care and Hospice Banner Pharmacy Services Insurance Banner Health Network Banner Plan Administration University Physicians Health Plans Post-Acute Care Services (PACS) Research

I. Purpose/Population:

- A. **Purpose:** To ensure identification and resolution of those instances in which governing body members and other representatives or employees of Banner Health (and its affiliates and subsidiaries) may find themselves in circumstances giving rise to a potential or actual Conflict of Interest (as defined below), to protect Banner Health's interest in such situations, and to provide for adequate reporting mechanisms. This policy applies to Banner Health and to any other entity that is controlled or managed by, or under common control with, Banner Health (each, a "Banner Entity").
- B. **Population:** All Employees.

II. Definitions:

- A. Interpretations and Definitions: The following guidelines and definitions have been developed for purposes of providing guidance to directors, officers and employees of Banner Entities, and are not meant to exclude any circumstance which the Audit Committee of the Board (as defined below) or the Vice President of Internal Audit believes should be disclosed or approved in accordance with this policy.
1. A person has a "Financial Interest" covered by this policy if the person has, directly or indirectly, through business, investment or immediate family:
 - a. An ownership or investment interest in any entity with which any Banner Entity does business;
 - b. A compensation arrangement with any entity or individual with which a Banner Entity does business; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which a Banner Entity is negotiating a transaction or arrangement.
 2. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Financial Interest does not include ownership of less than 2% of the outstanding stock of a publicly held company.
 3. Members of the "immediate family" of an individual include the spouse, children, parents, brothers and sisters of the individual, and the spouses of any such child, parent, brother or sister.
 4. An individual has a "Conflict of Interest" if the actions or activities of the individual having a Financial Interest could, as the result of the Financial Interest, be influenced in his/her actions or conduct by a desire for personal gain (including both monetary and non-monetary gain) or advantage to the individual or the individual's immediate family in a manner that could be unfair or detrimental to a Banner Entity.
 5. Nothing in this policy shall be deemed to restrict the compensation paid or given to a director, officer or employee of a Banner Entity, or any immediate family thereof; provided, however, that such compensation shall not, directly or indirectly, be paid or given to such director, officer or employee, or immediate family thereof, in consideration of any action or failure to act by such director, officer or employee, or immediate family thereof, with respect to any business, transaction or other relationship between such director, officer or employee, or immediate family thereof, and any Banner Entity.

III. Policy:

A. Requirement of Loyalty and Good Faith

1. Banner Health has a long-standing reputation for honesty, loyalty and community leadership. This reputation was built on years of compliance with high ethical standards. This policy is to assist in providing standards and guidelines to evaluate business and employee decisions and endeavors. The standard of loyalty is not measured on a fixed scale, and the basis for a determination of honesty, good faith and loyal conduct are many and varied. This policy cannot describe all of the situations that may give rise to Conflict of Interest circumstances, nor can it take the place of a personal commitment to do what is right.
2. A Conflict of Interest can be considered to exist in any instance in which the actions or activities of an individual employed by, or in a position of trust or control with respect to, a Banner Entity could be influenced by a desire for personal gain or advantage to the individual or the individual's immediate family or could be unfair or detrimental to a Banner Entity. The possibilities for Conflicts of Interest are limitless, and each possibility may raise a different factual and practical problem. Each situation requires a determination to be made on its own facts whether or not a potential Conflict of Interest exists. The ultimate test is one of reasonableness – whether the interest *might* reasonably be expected to affect one's judgment, and *not* whether it did in fact affect it.

B. Basic Policy

1. Members of the Board of Directors of Banner Health (the "Board"), members of the governing board of each Banner Entity, all officers of a Banner Entity, all employees of Banner Entity, and all other persons representing any Banner Entity shall exercise good faith in all transactions touching upon any Banner Entity. They shall not use their position or knowledge gained there from in such a way as to obtain personal advantage or financial gain, and all their acts shall be for the best interest of the pertinent Banner Entity. Therefore:
 - a. No Banner Entity should enter into any transaction or arrangement with any entity in which any member of the Board or officer of Banner Health has a Financial Interest (as defined above) unless specific authorization is obtained from the Board pursuant to the procedures set forth below.
 - b. No Banner Entity should enter into any transaction or arrangement with any entity in which any member of the governing board of any Banner Entity, any member of a local board, any officer or director of an entity from which a Banner Entity leases, or for which any Banner Entity manages, a facility, or any employee of a Banner Entity has a Financial Interest unless such transaction or arrangement is fully disclosed to, and approved by, the administrator/director of the facility of employment (or immediate supervisor, if the individual having the Financial Interest is a facility administrator or is not employed in a facility) or, in the case of a member of the governing board of any Banner Entity or an officer of a local board or a lessor entity, the Regional President. All such approvals shall be reported to the Vice President of Internal Audit.

- c. No employee shall participate in a corporate decision on behalf of any Banner Entity regarding any outside entity in which such employee has any Financial Interest.
 - d. No employee of a Banner Entity shall engage in, or shall have a Financial Interest in, any outside business activity which places, or might reasonably be expected to place, him/her in conflict or competition with any Banner Entity unless such activity has been approved by the administrator of the facility of employment (or immediate supervisor, if the employee is a facility administrator or is not employed in a facility). All such approvals shall be reported to the Director of Audit Services.
 - e. Subject to Section III.B.1.d above and except as provided in Section III.B.1.f below, prior approval from the immediate supervisor is required for outside employment or engagement (other than registry or traveling nurses or temporary personnel) including consulting, work as an independent contractor, paid service as a director for another organization, or similar outside engagements. Generally, approval will be granted if the outside employment does not interfere with scheduled Banner Entity work, impair the employee's effectiveness (physical and mental), result in adverse publicity, or violate the policy in Section III.B.1.d above. Unless otherwise approved by the immediate supervisor, employees must use personal time off for any time spent on any outside employment or engagements during normal work hours. If, with the consent of the immediate supervisor, employees do not use personal time off for time spent on outside employment or engagements, such work will be presumed to be performed on behalf of the Banner Entity that employs such employee, and all compensation or other remuneration for such work shall be remitted to such Banner Entity. Employees may, however, retain third-party reimbursement of out-of-pocket expenses incurred by the employee for which the employee has not received reimbursement from a Banner Entity.
 - f. Notwithstanding the foregoing, paid service as a director for another organization by the President of Banner Health shall be subject to approval of the Board and shall be subject to such terms and conditions as the Board shall determine to be appropriate.
 - g. Banner Entity employees may accept directorships in civic, charitable and service organizations, provided the circumstances are appropriate and no Conflict of Interest is created. In addition to complying with all other policies applicable to contributions by Banner Entities to such organizations, no Banner Entity employee shall cause or otherwise a Banner Entity to make a contribution to an entity for which such employee serves as director without the advance approval of the Vice President or more senior employee to whom such employee directly or indirectly reports.
2. Special Provisions for Physicians Employed by Banner Medical Group or Banner Medical Group Colorado. The following special provisions apply only to physicians employed by Banner Medical Group or Banner Medical Group Colorado.
- a. No Banner Entity should enter into any transaction or arrangement with any entity in which any physician employed by Banner Medical Group or Banner Medical Group Colorado has a Financial Interest unless such transaction or arrangement is fully disclosed to, and approved by, the Secondary Professional Activities Committee. All such approvals shall be reported to the Vice President of Internal Audit.
 - b. No physician employed by Banner Medical Group or Banner Medical Group Colorado shall engage in, or shall have a Financial Interest in, any outside business

activity which places, or might reasonably be expected to place, him/her in conflict or competition with any Banner Entity unless such activity has been approved by the Secondary Professional Activities Committee.

- c. Prior approval by the Secondary Professional Activities Committee is required for any physician employed by Banner Medical Group or Banner Medical Group Colorado to accept any outside employment or engagement, including speaking, consulting, work as an independent contractor, paid service as a director for another organization, or similar outside engagements.
- d. No physician employed by Banner Medical Group or Banner Medical Group Colorado shall participate in a corporate decision on behalf of any Banner Entity regarding any outside entity in which such employee has any Financial Interest; provided, however, that such physician may, following full disclosure to, and approval by, the Secondary Professional Activities Committee of such Financial Interest, provide input to the individuals responsible for a corporate decision whether to enter into a contract or transaction with such outside entity. If the outside entity is a vendor of devices, pharmaceuticals or other so-called "physician preference items", the physician may, following full disclosure to, and approval by, the Secondary Professional Activities Committee of such Financial Interest, exercise his/her independent clinical judgment with respect to the selection and use of such device, pharmaceutical or other physician preference item in the physician's own clinical practice; provided, however, that the Secondary Professional Activities Committee may place conditions upon the physician's exercise of such independent clinical judgment with respect to such selection and use, including requiring disclosure to the patients of such Financial Interest and establishing a prohibition against the Financial Interest varying with the volume or value of any devices, pharmaceuticals or other physician preference items utilized at the direction of the physician.

C. Administration

- 1. The Audit Committee of the Board shall be responsible for administration of this policy for Board members, the President of Banner Health, the Executive Vice Presidents, the Regional Presidents, the Senior Vice Presidents, any other officer of Banner Health, and the Vice President of Internal Audit. The Vice President of Internal Audit shall be responsible for administration of this policy for all other persons covered by this policy. The Vice President of Internal Audit shall implement procedures designed to assist the responsible parties in their administration of this policy.

D. Examples

- 1. The following are examples of situations or circumstances which have the potential to create a Conflict of Interest and should be evaluated to determine whether they are prohibited, or should be disclosed and, if required under this policy, approved by the Board, the relevant local or operating board, and appropriate officer/supervisor. They are not exhaustive, but outline the more common areas.
 - a. Financial Interest in an actual or potential purchaser from, supplier or vendor to, or competitor of, a Banner Entity.

- b. Employment with a firm that is an actual or potential purchaser from, supplier or vendor to, or a competitor of, a Banner Entity.
 - c. Membership on the board of directors of a purchaser from, or supplier or competitor of, a Banner Entity.
 - d. Introduction or other access to Banner Health personnel given to an actual or potential purchaser from, or supplier or vendor to, any Banner Entity provided or facilitated by any Banner Health officer, director or employee who has a Financial Interest in such purchaser, supplier or vendor.
 - e. Outside employment that affects working efficiency.
 - f. Outside employment or business interest that could benefit from involvement with a Banner Entity (use of position for personal gain).
 - g. Participation in regulatory, civic or professional organizations that might involve divulging confidential data.
 - h. Sale of a Banner Entity's assets (including inventory items) to directors, officers or employees of a Banner Entity.
 - i. Improvement or maintenance of a director's, officer's or employee's property using the assets of a Banner Entity.
 - j. Association or use of a Banner Entity's name with an outside business or activity not authorized by the appropriate administrator or supervisor, as applicable.
 - k. Running for and holding public offices (including appointed positions) that may require participation in setting policies that would directly affect Banner Entities.
 - l. Hiring or supervising a member of immediate family.
2. The Vice President of Internal Audit and members of the Banner Health Legal Department and the Banner Health Ethics and Compliance Department are available to advise any officer, director or employee of a Banner Entity as to implementation of this policy and its effect upon individual activities.

IV. Procedure/Interventions:

A. Duty to Disclose

1. In connection with any actual or possible Conflicts of Interest, each member of the Board, the President of Banner Health, each Executive Vice President, each Regional President, each Senior Vice President, all other officers of any Banner Entity, and the Vice President of Internal Audit shall disclose the existence of his/her Financial Interest and all material facts to the Audit Committee of the Board. Each physician employed by Banner Medical Group or Banner Medical Group Colorado shall disclose the existence of his/her Financial Interest to the appropriate administrator or supervisor, and to the Secondary Professional Activities Committee. All other persons shall disclose the existence of his/her Financial Interest to the appropriate administrator or supervisor, and to the Vice President of Internal Audit.

B. Procedures for Addressing Financial Interests of Banner Health Officers and Directors and the Vice President of Internal Audit

1. The interested individual may make a presentation at the Audit Committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results, or may result in the possible Conflict of Interest. The Audit Committee (excluding any interested member of the Audit Committee) shall then determine whether a Conflict of Interest exists.
2. If the Audit Committee determines that a Conflict of Interest does not exist, it shall then authorize the proposed transaction or arrangement under this policy if it determines that that there is no reason to believe that the transaction is not fair and reasonable to the Banner Entity. The proposed transaction and arrangement may then proceed, subject to receipt of all other corporate approvals necessary for such transaction or arrangement (including, depending upon the size or nature of the proposed transaction or arrangement, approval by the full Board).
3. If the Audit Committee determines that a Conflict of Interest exists, then the Audit Committee shall determine:
 - a. Whether the Banner Entity can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest; and
 - b. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, whether the transaction is in the Banner Entity's best interest and for its own benefit and whether the transaction is fair and reasonable to the Banner Entity.

If the Audit Committee makes the requisite determinations, then the transaction or arrangement may proceed, subject to receipt to all other corporate approvals necessary for such transaction or arrangement.

4. The chairperson of the Audit Committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
5. The chairperson of the Audit Committee may make the determination described in Sections IV.B.2. and IV.B.3. above on an interim basis between regularly scheduled quarterly meetings of the Audit Committee with respect to a disclosed Financial Interest if the amount to be paid under the transaction or arrangement prior to consideration of the matter by the full Audit Committee as the next scheduled Audit Committee meeting is less than \$10,000 and if the transaction or arrangement is subject to cancellation by the Banner Entity without penalty or premium if the determination of the Audit Committee chairperson are not ratified by the Audit Committee at such meeting.
6. If the Audit Committee makes the requisite determinations pursuant to Section IV.B.3. above, and the transaction or arrangement is of a nature that it must be approved by the Board in order to proceed, then the interested individual may make a presentation at the Board meeting, but after such presentation, he/she shall leave the meeting during the

discussion of, and the vote on, the transaction or arrangement that results, or may result, in the Conflict of Interest.

C. Violations of the Conflicts of Interest Policy

1. If the Audit Committee has reasonable cause to believe that the President of Banner Health, any Executive Vice President, any Regional President, any Senior Vice President, any other officer of any Banner Entity, the Vice President of Internal Audit or a member of the Board has failed to disclose an actual or possible Financial Interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the individual and making such further investigation as may be warranted in the circumstances, the Audit Committee determines that the individual has in fact failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.
3. Possible violations of this policy by employees shall be investigated by the Vice President of Internal Audit who shall report the finding of such investigation to the appropriate administrator/supervisor and such other more senior employees as the Vice President of Internal Audit may deem appropriate.

D. Record of Proceedings

1. The minutes of the Audit Committee shall contain:
 - a. The names of the persons who disclosed, or who otherwise were found to have, a Financial Interest, the nature of the Financial Interest, any action taken to determine whether a Conflict of Interest was present, and the decisions and determinations with respect to the proposed transaction or arrangement; and
 - b. 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.

E. Disclosure and Annual Survey/Report

1. All Board members, members of local boards of owned facilities, officers of Banner Health, administrators, employed physicians, and other employees and individuals designated by their supervisors or by the Vice President of Internal Audit are required to submit disclosures to the Vice President of Internal Audit annually which affirm that the individual completing the survey and disclosure:
 - a. Has received a copy of this policy;
 - b. Has read and understands this policy,
 - c. Has agreed to comply with this policy,

- d. Understands that Banner Health is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes; and
 - e. Has responded fully, accurately and completely to all questions in the disclosure form.
2. New disclosures or disclosures covering changed circumstances related to matters previously disclosed must be disclosed in writing when any officer, director or employee or the Vice President of Internal Audit becomes aware of the new or changed circumstances. The Vice President of Internal Audit shall report all such disclosures to the Audit Committee of the Board and the President of Banner Health.

V. Procedural Documentation:

- A. Form: Conflict of Interest Disclosure Survey – Online at <https://surveys.bannerhealth.com/Survey.aspx?s=19ee3164cb5948baa0e4941073b3e994>

VI. Additional Information:

- A. N/A

VII. References:

- A. N/A

VIII. Other Related Policies/Procedures:

- A. Policy: [Compliance: Acceptance of Items from Outside Business Associates](#) (#256)
- B. Policy: [Compliance: Business Courtesies to Physicians and Immediate Family Members](#) (#190)
- C. Policy: [Relationships with Post-Acute Services Providers](#) (#920)
- D. Policy: [Standards for Determining Independence of Members of Board of Directors](#) (#742)
- E. Policy: [Research Conflict of Interest - Disclosure, Review and Management](#) (#1362)
- F. Policy: [Research Financial Conflict of Interest Relating to PHS Grants, Cooperative Agreements and Contracts](#) (#1364)

IX. Keywords and Keyword Phrases:

- A. ACHC
- B. Conflict of Interest
- C. Vendors
- D. Outside Employment
- E. Disclosures
- F. Competitive Activity

X. Appendix:

- A. N/A