



TITLE: CONFLICT OF INTEREST

PURPOSE: To provide guidelines to employees, volunteers, and vendors for conducting public business free from the influence of personal and private interests.

POLICY STATEMENT:

The Harris County Hospital District (HCHD) expects employees, volunteers, and vendors to exercise attention, good judgment, and prudence in their relationships, obligations, and financial interests so that they do not conflict with the interests of the HCHD or the performance of their duties.

None of the individuals listed above may have any financial or personal interest that would impair their ability to honestly perform their duties. Even the appearance of a Conflict of Interest undermines the public's confidence in the governance and administration of the HCHD's mission. The HCHD further expects and encourages employees, volunteers, and vendors to disclose any situation involving financial or personal interests.

POLICY ELABORATION:

I. DEFINITIONS:

- A. **CONFLICT OF INTEREST (COI):** Any significant personal or financial interest that interferes, or appears to interfere, with an individual's ability to do what is in the best interest of the HCHD and may result in a direct or indirect personal gain or benefit to the individual.
- B. **DISCLOSURE:** Notice to the Corporate Compliance Officer (CCO) of relevant information regarding significant financial or personal interests.
- C. **EMPLOYEE:** All employees of the HCHD. This definition includes the President and Chief Executive Officer (CEO), the COO, and other supervisory staff.
- D. **GIFTS:** Voluntary transfers of property or cash from one to another without any consideration or compensation.



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- E. **KICKBACK:** A return of money already received as the result of pressure, coercion, or secret agreement. An example of a kickback is an unauthorized rebate.

- F. **MEDICAL STAFF:** All physicians/officers holding unlimited licenses to practice medicine and either holding a faculty appointment at Baylor College of Medicine and/or The University of Texas Health Science Center at Houston or other physicians selected pursuant to the AMS Affiliation Agreement to provide healthcare services; dentists licensed or authorized to practice in accordance with legal statutes of the State of Texas, including those licensed to function in teaching facilities; and other defined health professionals who are privileged and credentialed to attend to patients or function in a clinical capacity.

- G. **SIGNIFICANT FINANCIAL INTEREST:** A significant financial interest exists if the individual: 1) Owns 10 percent or more of the voting stock or shares of the business entity or owns either ten percent or more or fifteen thousand dollars (\$15,000) or more of the fair market value of the business entity; or 2) receives funds from the business entity exceeding ten percent (10%) of the individual's gross income for the previous year.

- H. **SIGNIFICANT PERSONAL INTEREST:** A significant personal interest exists if the third-party (vendor) is related to an employee or volunteer in the first degree of consanguinity (by blood kinship) or affinity (by law), which includes, but is not limited to, the husband; wife; daughter; son; brother; sister; parent; brother-in-law; sister-in-law; mother-in-law; father-in-law; son-in-law; daughter-in-law; and, adopted and step children.

- I. **VENDORS:** A company, manufacturer, firm, or individual providing a product, equipment, or service. This category includes contractors and consultants.

II. APPLICATION:

- A. This policy does not apply to members of the Board of Managers, who must comply with the Local Government Code Chapters 171 and 176 and the Texas Government Code Chapter 783.

- B. This policy applies to employees, volunteers, and vendors.



- C. This policy also applies to any individual who must comply with the Local Government Code Chapter 176.
- D. This policy does not apply to medical staff members. However, medical staff members are required to adhere to the Conflicts of Interest policies of their respective affiliated organizations (e.g., Baylor College of Medicine or The University of Texas Health Science Center at Houston). Medical staff members are also encouraged to report any potential conflicts of interest involving the HCHD's employees, volunteers, or vendors in accordance with this policy.

III. GUIDANCE REGARDING DISCLOSURE:

A. Situations Requiring Disclosure:

The following examples are representative, but not all inclusive, of situations requiring disclosure:

When an employee, volunteer, or vendor:

1. Can influence the purchase of goods or services by the HCHD from a business in which they have a significant financial or personal interest. For example, an individual owns a radiology company to which the HCHD makes referrals;
2. Receives a gift, favor, or service that could influence their ability to conduct their designated duties. This includes acceptance or solicitation of loans and gratuities from subordinates, vendors, or patients outside the guidelines provided herein;
3. Provides a business with HCHD supported work, products, records, or information that is confidential or generally not available to the general public;
4. Has influence on the negotiation of contracts between the HCHD and a proposed vendor;
5. Uses his or her position to secure special privileges or exemptions for himself, herself, or others;



6. Accepts free or discounted items or services from vendors, medical staff members, or patients;
7. Accepts a job, which interferes with his or her primary obligations to the HCHD;
8. Steers or refers patients or clients to outside products and services for which the HCHD has no contract, or
9. Holds the position of director, trustee, officer, or key employee at another hospital or organization that provides products or services to the HCHD.

B. Additional Guidance on Gifts and Kickbacks:

1. Gifts:

The following rules apply to the giving or receiving of gifts and gratuities:

a. *Receiving Gifts:*

The HCHD's employees, volunteers, and vendors are prohibited from soliciting or accepting tips or gifts. These individuals may however, accept non-monetary gifts of a nominal value (\$25 or less), **if the gift is not given for the purpose of influencing the individual's judgment or performance of his or her duties.** Employees and volunteers may not receive more than one gift from any one individual or company per calendar year. Vendors may not give more than one gift per individual per calendar year.

If the item is cash or a negotiable instrument, the value of the non-monetary gift is greater than \$25, or there is any question regarding the impact of the gift on the individual's business judgment, the individual must refuse the gift. However, if there is still a question regarding the propriety of a gift, the individual must seek approval from the CCO prior to accepting the gift.



b. *Giving Gifts:*

Employees, volunteers and vendors are prohibited from offering or giving money, services, or other items of value with the expectation of influencing the judgment or decision making process of any purchaser, vendor, patient, governmental official, or any other person.

c. *Travel, Meals, and Lodging Expenses:*

Employees, volunteers and vendors must consult with the CCO before accepting a gift of travel, meals or lodging expenses from any individual or organization.

2. *Kickbacks:*

- a. Employees, volunteers, and vendors must not solicit or accept a kickback. Any questions concerning kickbacks should be directed to the CCO.
- b. Employees of the HCHD who accept kickbacks will be terminated and will be subject to criminal prosecution.

IV. PROCEDURES:

A. Reporting and Disclosing:

All individuals listed below must disclose all potential conflicts and failure to do so may result in termination of the individual's relationship with the HCHD.

1. *Employees and Volunteers:*

- a. When a conflict of interest, as defined in this policy, may exist, the employee or volunteer must disclose the conflict to the CCO for further review and evaluation. The employee or volunteer must report a conflict of interest as soon as possible, but no later than three business days from the time he or she becomes aware of the facts that require the filing of such report.



- b. Refer to the Code of Conduct for additional examples of conflicts of interest.

2. Vendors:

- a. When a conflict of interest involving a vendor, as defined in this policy, may exist, any individual with knowledge of the conflict must disclose the conflict to the CCO for further review and evaluation. The employee or vendor must report a conflict of interest as soon as possible, but no later than three business days from the time he or she becomes aware of the facts that require the filing of such report.
- b. Refer to the HCHD Purchasing Manual; HCHD policy #3.24, Vendor Solicitation; HCHD policy #3.23, Outside Medical Services Credentialing; HCHD policy #2420, Approval of Outside Medical Treatment/Procedure; and HCHD policy #3.03, Signature Authority on Contracts, for further information about conflicts involving vendors.

B. Resolution and Administration:

1. Resolution:

- a. The CCO is responsible for investigating all reported or alleged conflicts of interest.
- b. As appropriate, the CCO will review the findings and hold further discussions with the Vice President of Legal Affairs, management, and the Board of Managers.
- c. If at the conclusion of the CCO's investigation, it is determined that a conflict of interest may exist, the individual with the conflict will be given the opportunity to meet with the CCO, the Vice President of Legal Affairs and management to further discuss the conflict.
- d. If it is determined that a conflict of interest exists, the CCO, and the Vice President of Legal Affairs will determine how best to address the conflict. A conflict may be resolved by termination of negotiations for the purchase of the particular item or service or



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by removal of the employee from the decision-making process regarding use of the vendor for which the conflict of interest exists.

C. Provision of Information:

Upon request, the CCO will make available to patients or individuals who work in the HCHD, policies, procedures, and information about the relationship between care, treatment, and services and financial incentives.



REFERENCES/BIBLIOGRAPHY:

HCHD Code of Conduct-Conflicts of Interest.

HCHD Purchasing Manual par. 1.4 Code of Ethics.

HCHD Policy and Procedures 3.24 Vendor Solicitation.

HCHD Conflict of Interest Questionnaire.

HCHD Policy and Procedures 3.23 Outside Medical Services Credentialing.

HCHD Policy and Procedures 2420, Approval of Outside Medical Treatment/Procedure.

HCHD Policy and Procedures 3.03, Signature Authority on Contracts.

HCHD Bylaws.

Local Government Code Chapters 171 and 176.

Texas Government Code Chapter 783.

OFFICE OF PRIMARY RESPONSIBILITY:

HCHD Corporate Compliance Officer

REVIEW/REVISION HISTORY:

Effective Date	Version # (If Applicable)	Review or Revision Date (Indicate Reviewed or Revised)	Reviewed or Approved by: (If Board of Managers Approved, include Board Motion #)
	1.0	Policy Created	Corporate Compliance Officer
		Approved 12/02/2008	HCHD Policy Review Committee
		Approved 12/04/2008	HCHD Board of Managers (Board Motion# 08.12-725)
	2.0	Revised/Approved 09/14/2010	Operations Policy Committee