

## Conflict of Interest and the Acceptance of Gifts Policy

Effective Date: September 24, 2019

### PURPOSE

HCP expects our Workforce members to maintain the highest ethical standards of conduct, honesty and integrity as it relates to conflicts of interest and the acceptance of gifts. This ensures the avoidance of any actual or potential conflict of interest.

The purpose of this policy is to provide guidance for the acceptance of gifts and for recognizing and avoiding situations that may present a conflict of interest.

Although it is not possible to specify every circumstance that may create a conflict of interest, this policy describes the most common situations that could result in a conflict of interest, outlines expectations for Workforce members' disclosure of conflicts of interest, and explains how HCP manages, reduces, or eliminates such conflicts.

This policy is meant to provide general guidelines and does not replace any applicable federal or state laws surrounding conflicts of interest.

### SCOPE

This policy applies to all prospective and current HCP employees, executive leaders, temporary workers, ambassadors, HCP contracted providers, consultants, contractors, vendors and any other person acting on behalf of HCP. For the purposes of this policy, these individuals shall be referred to as "Workforce" members.

This policy also applies to direct or indirect remuneration received by an immediate family member of a HCP Workforce member, or, any friend, family member, or associate of the HCP Workforce member if the remuneration was made explicitly in conjunction with any consideration or promise of consideration\* provided by the HCP Workforce member.

*\*Consideration to be here defined as any action, promised action, or delivery (or promised delivery) of a good or service by the Workforce member within their role with HCP in exchange for remuneration that may then constitute a conflict of interest.*

### EXEMPTIONS

None.

### POLICY

HCP recognizes the right of employees to engage in activities outside their employment which are of a private nature and unrelated to our business. However, HCP requires our Workforce members to avoid any personal or financial interests, relationships or affiliations that conflict with, or appear to conflict with, the interests of HCP or that present a conflict of commitment related to his/her professional responsibilities. Moreover, Workforce members may not solicit or accept personal gifts, business courtesies, or services from outside entities, vendors, or business associates, or from health plan members or their families because doing so may establish an actual or potential conflict of interest.

All Workforce members must promptly disclose any outside interests and activities so that HCP may assess and prevent potential conflicts of interest from arising.

Under no circumstances may a provider place their own financial interests above the welfare of their patients. Moreover, a provider should never unnecessarily render treatment or hospitalize a member, prescribe a drug, or order or conduct diagnostic tests for his/her own personal benefit. Any conflict of a provider's financial interests and his/her responsibilities to our members must be eliminated or resolved.

Should a Workforce member have any questions about whether their interests or activities present a conflict of interest or inquiries related to the acceptance of gifts, he or she should immediately consult with the Corporate Compliance and Privacy Officer to obtain advice on the matter.

Violations of this policy will be subject to disciplinary action, up to and including termination of employment or contract.

## DEFINITIONS

**Conflict of Commitment:** A conflict of commitment relates to a Workforce member's distribution of time between his/her HCP professional responsibilities and his/her participation in an outside activity. Activities that interfere with the Workforce member's primary responsibilities to HCP create a conflict of commitment.

**Conflict of Interest (COI):** Generally, a conflict of interest exists when a Workforce member's outside interests or activities influence or appears to influence their ability to make decisions objectively or impairs their ability to perform their job responsibilities in the best interest of HCP. This includes any interests or activities of their immediate family members that may result in personal gain or other benefit, directly or indirectly, to our Workforce members.

The following are examples of actions or activities that may create a conflict of interest or the appearance thereof:

- Engaging in any financial, business or other relationships with current or potential contractors, vendors, business associates or affiliates of HCP;
- Engaging in any outside activity that will bring direct or indirect profit to our competitors;
- Failing to disclose to HCP that an immediate family member is employed by or affiliated with a competitor or HCP contractor, vendor, business associate or other affiliate;
- Using your position at HCP for personal gain;
- Utilizing connections obtained through HCP for your own personal use;
- Using HCP equipment or other resources to support an external business;
- Accepting remuneration, compensation or a gift of any kind from current or potential contractors, vendors, business associates or affiliates of HCP, as well as patients and patients family members;
- Providing preferential treatment to any person or outside entity resulting from gifts or favors received;
- Providing or giving gifts or favors to others where it might appear to be designed to improperly influence others in their relations with HCP; and
- Engaging in any other activity which conflicts with the interests of HCP.

**Disclosure:** Disclosure is the process by which a Workforce member provides a description of personal or financial interests and outside activities to prevent, identify, and resolve conflicts of interest and conflicts of commitment.

**Financial Interest:** A financial interest refers to anything of monetary value. A Workforce member has a financial interest if, either directly or indirectly, through business, investment or family, he/she has:

- An ownership or investment interest (e.g., stock, stock options or other equity) in any privately or publicly held companies that do business, or may potentially do business with, compete with or has any other affiliation with HCP (Exemption – mutual funds and retirement accounts);
- An ownership interest in a medical or research facility to which patients are referred or recruited.
- A potential ownership or investment interest in, or compensation arrangement with any individual or company with which HCP is considering or negotiating a transaction or business arrangement; or
- Intellectual property rights (e.g., patents, copyrights, and royalties).

A financial interest may not necessarily be a conflict of interest in all cases. However, it must be disclosed and reviewed as described under Procedures to determine if a conflict of interest exists.

**Gifts:** A “gift” refers to any item, product or service, or anything else of value that may be of personal benefit to you, including gratuities and favors.

**Honorarium:** Honorarium refers to payments in exchange for professional services a Workforce member provides for which typically there is no official charge, such as speakers fees for seminars and lectures and advisory committees.

**Immediate Family:** Immediate family includes a Workforce member’s spouse, domestic partner, children, siblings, parents, grandparents, grandchildren, great-grandchildren, or any of the equivalents by marriage, and any other person living in the Workforce member’s household.

**Outside Activity:** An outside activity is an activity, or a compensated or uncompensated position, that occurs or is maintained outside of a Workforce member’s duties and professional responsibilities to HCP.

Examples of outside activities include:

- Outside employment (e.g., consulting relationships with a vendor or competitor of HCP)
- Other compensated activity
- Uncompensated activity
- Service on outside boards
- A financial interest of any amount in an outside business entity (i.e., an individual or immediate family investment in a related business or stock ownership in a non-public entity)
- Acceptance of gifts

**Outside Entity:** A conflict of interest may arise between a Workforce member’s professional responsibilities and an outside entity or business interest if the entity is:

- A current contractor, vendor, business associate, or affiliate of HCP;
- A contractor or vendor seeking to do business with HCP; or
- A competitor of HCP or an entity that offers the same or similar services to what HCP offers.

Examples include, but are not limited to health related entities, financial/legal/consulting service companies, and external auditing companies.

**Remuneration:** Remuneration refers to any form of monetary payment or equivalent including compensation for travel, entertainment, accommodations, and other benefits that may be extended in connection with a Workforce member’s relationship with an outside entity.

**Vendor:** A vendor refers to any individual or entity, current or potential, which provides or seeks to provide, services or products to HCP. This includes contractors and suppliers. For the purpose of this policy, “vendors” shall include contractors and suppliers.

## RESPONSIBILITY

HCP is responsible for managing, reducing or eliminating altogether those activities and personal and financial interests of our Workforce members that may be inconsistent with HCP’s fundamental interests.

It is the Workforce member’s responsibility to report personal or financial interests and outside activities that may present a conflict of interest.

Any Workforce member in a supervisory position is responsible for ensuring compliance with this policy by his/her staff. Should a supervisor become aware of a potential or actual conflict of interest or a violation of this policy, they should disclose the potential conflict or violation to the Corporate Compliance and Privacy Officer.

## GIFTS, GRATUITIES and FAVORS

HCP selects vendors based on the quality of the service they provide, competitive pricing, and other standards applicable to the vendor’s capabilities. While gifts from vendors, contractors, and others conducting business (or seeking to conduct business) with HCP may be standard business practice, often times it may appear to be an attempt to influence our decision making. Therefore accepting gifts from vendors can create a conflict of interest.

Workforce members and their immediate family members are prohibited from accepting or soliciting, directly or indirectly, any personal gift, gratuity, favor, service, discount or other benefit from current or potential future vendors. Inappropriate gifts, gratuities and favors include, but are not limited to, the following:

- Money or cash equivalents (e.g., gift cards/certificates) regardless of the amount
- Meals, lodging and transportation unless associated with a legitimate business purpose, and only if infrequent (no more than three times per calendar year) and of reasonable value\*
- Event tickets (e.g., theater, concert, sports and other entertainment events)

This policy is not intended to prohibit the acceptance of promotional items and giveaways at professional conferences (e.g., mugs and pens) routinely distributed by vendors. However, a gift valued in excess of \$50 or of an undetermined value, unless shared within a HCP department, must be declined or returned immediately. Therefore, gifts such as food and gift baskets are permissible as long as they are shared departmentally or company-wide, and the group value does not exceed \$200 per calendar year.

If a Workforce member receives a gift that does not meet the criteria for allowable gifts as described above, he/she must immediately report it to their supervisor and return it to the vendor.

Vendors or contractors will be provided with this policy as part of the contracting process with regard to HCP’s guidelines on accepting and soliciting gifts from vendors.

## Invitations to Events

If a Workforce member receives an invitation to a vendor-sponsored event, they should not accept the invitation unless:

- the event serves a legitimate business purpose (e.g., an educational symposium);
- the event is of reasonable value\*; and
- the invitation is extended to all the vendor's clients, not just to HCP Workforce members.

All invitations must be approved by the Workforce members' department head in consultation with the Corporate Compliance and Privacy Officer.

\*Reasonable value is to be determined by the Corporate Compliance and Privacy Officer for vendor-sponsored events and meals and lodging.

### **Gifs in Exchange for Referrals**

No gift, gratuity or favor may be accepted or solicited with the intended purpose of inducing patient referrals or ordering services paid for Medicare or Medicaid. The Anti-kickback Statute prohibits any types of remuneration in exchange for referring patients or ordering services. The Physician Self-Referral Law (also known as the "Stark Law") prohibits providers from referring members to receive "designated health services" payable by Medicare or Medicaid with which the provider or his/her immediate family has a financial relationship.

### **Gifts from Patients**

No Workforce member should accept or solicit a gift, gratuity, or favor from a patient, the patient's family members, or his/her representative at any time and under any circumstances.

## **PROCEDURES**

### **A. Disclosing Conflicts of Interest**

#### **(1) New Hires**

Each new Workforce member will be required to review this policy and to acknowledge their receipt and understanding. Additionally, they must complete HCP's Conflict of Interest Disclosure Form, which will be provided by the Human Resources Department for completion during the onboarding process.

Any disclosures resulting in an actual or potential conflict will be managed, reduced or eliminated as described under Managing Conflicts of Interest.

#### **(2) New Providers**

New providers under agreement with HCP are required to complete our Conflict of Interest Disclosure Form during the initial credentialing process, and again during re-credentialing. They must also notify us at any time a potential conflict of interest emerges.

#### **(3) Annual Reporting**

All Workforce members are required to disclose annually any existing or potential conflicts of interest. During the annual disclosure period each Workforce member will be prompted by an email notification with instructions for completing the Conflict of Interest Disclosure Form within thirty (30) days of receipt. Even if a Workforce member believes they do not have any conflicts to disclose they must complete the disclosure process certifying that they have no interests or activities to disclose in order to be in compliance with this requirement.

The Conflict of Interest Disclosure Form also enables our Workforce members to affirm their receipt and understanding of this policy and HCP's conflict of interest disclosure requirements.

This policy is made available at onboarding or contracting and accessible through our electronic central policy portal.

In the event it is not entirely clear whether or not there is a reportable interest or activity, the Workforce member with the potential conflict should disclose the circumstances to the Corporate Compliance and Privacy Officer for guidance on completing the form.

Any previously disclosed interests should be re-disclosed during each annual reporting period for the duration of the interest, and any changes since the last annual reporting period should be updated by submitting an updated Conflict of Interest Disclosure Form.

#### (4) Ongoing Disclosures

In addition to the annual disclosure period, all Workforce members (including HCP contracted providers) have an obligation to report any new interests or activities that may create a conflict of interest as soon as they become known to the individual and before engaging in the activity. Workforce members should immediately notify their department head or supervisor who will consult with the Corporate Compliance and Privacy Officer for further guidance.

Workforce members must receive approval from the Corporate Compliance and Privacy Officer, or the designated committee for approval, before engaging in the activity or interest, signing any agreements, or making any other form of commitment.

## **B. What Should be Disclosed**

Workforce members must disclose any personal or financial interests, outside activities, business relationships, remuneration, gifts or any other personal benefit (as defined in this policy) in association with any outside entity that does business with, or seeks to do business with, or competes with HCP, and/or that could present a conflict of interest or commitment. Such relationships and interests must also be considered in relation to immediate family.

If an actual or potential conflict of interest or commitment emerges, the affected Workforce member should fully disclose the relevant information to the greatest extent possible to his or her supervisor, department head, or Corporate Compliance and Privacy Officer in advance.

The following information (if applicable to your specific disclosure) should be included to facilitate a comprehensive review of the potential conflict.

- Nature and extent of the activity or interest
- Description of major duties to be performed
- Basic information about the outside entity
- The anticipated time commitment
- The anticipated length of time the activity is expected to continue
- Any compensation expected
- Sponsored or reimbursed travel, lodging and meals associated with the activity
- Honoraria
- Intellectual property rights or royalties

### Physician Payment Sunshine Act

The Physician Payment Sunshine Act (“PPSA” - part of the Patient Protection and Affordable Care Act) requires that drug, medical device and biologicals manufacturers report to the Center for Medicare and Medicaid Services all gifts, meals and other payments (e.g., consulting/speaking fees, travel and entertainment) made to physicians. The PPSA better informs patients of their provider’s financial relationships with industry by making this data publicly available. Such payments may be perceived as influencing providers’ decision-making in favor of the payer and should be avoided whenever possible.

### Confidentiality

All disclosures must be kept confidential and will only be divulged on a need-to-know basis and as required by applicable laws and regulations.

Any information received in relation to a Workforce members’ immediate family will be treated as confidential and will only be provided on a need-to-know basis to appropriate parties involved in the review process.

## **C. Conflict of Interest Review**

All disclosures received indicating a potential conflict of interest will be reviewed by the Corporate Compliance and Privacy Officer. When necessary, the Corporate Compliance and Privacy Officer will confer with the Compliance Committee about the satisfactory resolution of conflicts of interest or conflicts of commitment when they arise. Matters of material financial interests (i.e., the value of any equity interest or stock options in the entity exceeding \$5,000 or greater than 5% in stock or other investment options) or significant conflicts of commitment will be referred to the Executive Committee for final determination.

The impacted Workforce member may be contacted to provide additional detail to facilitate the review process.

## **D. Conflict Management Plans**

Following an assessment of all disclosures, the Corporate Compliance and Privacy Officer, Compliance Committee, or Executive Committee, as appropriate, will determine whether a conflict exists and if it needs to be eliminated, reduced or can be managed. The Workforce member, his/her supervisor and department head will be notified of the determination, including if the decision is that no actual conflict of interest exists.

In the event that it is determined that the conflict is permissible but needs to be managed, a determination letter will be issued stipulating the conditions that would make the potential conflict allowable under this policy. The management plan must be signed by the Workforce member in agreement with the terms of the management plan and will be distributed to his/her supervisor and department head.

## **E. Recusal**

No Workforce member will be permitted to participate in the decision-making or voting on transactions or any other matters related to a vendor with whom he/she has a relationship. The Workforce member will be asked to recuse him/herself of all such discussions to avoid a conflict of interest, the appearance of a conflict of interest, or any other improper influence relating to the transaction or matter.

## **F. Appealing Conflicts of Interest Determinations**

A Workforce member may appeal a decision made with regard to their conflict of interest. The request to reconsider the decision must be made to the Corporate Compliance and Privacy Officer in writing including a detailed justification for the request. All appeals will be reviewed by the Corporate Compliance and Privacy Officer in consultation with the Compliance Committee and/or Executive Committee depending on the nature and extent of the conflict. The final decision made by these parties shall be binding.

## **G. Record Retention and Reporting**

The Office of Corporate Compliance will retain all disclosure forms, conflict management plans and any other related documents electronically for 10 years from the date of the initial document date in accordance with HCP's Record Retention Policy.

HCP will report conflicts of interest to government agencies when required by law.

## **ENFORCEMENT**

Workforce members who fail to disclose a reportable interest or relationship or to comply with HCP's requirements for managing an identified conflict may be subject to disciplinary action up to and including termination of employment or contract.

## **MAINTENANCE**

This policy is reviewed at least annually by the Corporate Compliance and Privacy Officer for its effectiveness, and is revised as needed when laws or regulations change. All updates to this policy must be approved by HCP's Executive Committee.

## **APPLICABLE STANDARDS AND REGULATIONS**

- Anti-Kickback Statute: 42 U.S.C. § 1320a–7b(b)
- Stark Law (42 U.S.C. 1395nn - Limitation on certain physician referrals)
- Physician Sunshine Payment Act (Section 6002 of the Affordable Care Act)

## **HCP RELATED DOCUMENTATION**

- Code of Conduct
- Corporate Compliance Program
- Employee Handbook
- Disciplinary Action Policy