SCOPE

This Conflict of Interests Policy (Policy) applies to Baylor Scott & White Health and its Controlled Affiliates, including all their employees (collectively, BSWH) and those individuals hereinafter described who conduct business for, or on behalf of, BSWH or those who are in a position to commit BSWH resources.

DEFINITIONS

When used in this document with initial capital letter(s), the following word(s)/phrase(s) have the meaning(s) set forth below unless a different meaning is required by context. Additional defined terms may be found in the BSWH P&P Definitions document.

Board Members – Members of a BSWH Board of Trustees, Board of Managers or Board of Directors, members of committees with board authority, or members of a BSWH Advisory Board.

Conflict of Interest – A Conflict of Interest is any circumstance under which an Interested Person, by virtue of a Financial or Non-Financial Interest, is influenced, may be influenced, or may appear to be influenced, either in whole or in part by a purpose, motive, or other personal interest other than the success and well-being of BSWH and the achievement of its public charitable purposes. A Conflict of Interest occurs if a person’s personal activities or interests either appear to, could or actually do influence the decisions required as part of the individual’s position at, and obligation to, BSWH.

Controlled Affiliates – Baylor Scott & White Health has more than 50% ownership, directly or indirectly, of the stock, partnership interest, membership interest, profits or capital interest, in a corporation, partnership or limited liability company, or beneficial interest in a trust. Includes having the power to appoint and remove, directly or indirectly, a majority of a nonprofit’s or for-profit’s governing body. This definition, unless otherwise indicated, does not apply to Controlled Affiliates managed by a third party.

Financial or Non-Financial Interest – A person has a Financial or Non-Financial Interest if the person, a Member of the Family, or an entity in which the person holds a Material Interest has:

a. Any ownership, investment, or other Material Interest in any business or entity that conducts, or seeks to conduct, business, directly or indirectly, with BSWH;

b. An employment or compensation arrangement that resulted in compensation, whether it be salary, sales commission, revenue, or return on investment, which was directly or indirectly derived as a result of business with BSWH or with any entity or individual that conducts, or seeks to conduct, business with BSWH (excluding regular employee compensation from BSWH);

c. Any Material Interest in, or employment or other financial arrangement with, any business or entity that is, or could be, in competition, directly or indirectly, with BSWH;
d. Received any substantial Gifts, entertainment or favors from any business, entity, or other outside person that conducts business with, seeks to conduct business with, or is, or could be, a competitor of BSWH;

e. Served, or currently serves, in a position of influence such as a director, trustee, officer, or in any other fiduciary or key employee capacity for a non-BSWH corporation, partnership, or other business or entity that conducts, or seeks to conduct, business, or that is, or could be, in competition, directly or indirectly, with BSWH; or,

f. Any other activity or interest which might be regarded as a potential Conflict of Interest with BSWH.

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

A Financial or Non-Financial Interest is not necessarily a Conflict of Interest. A person who has a Financial or Non-Financial Interest may have a Conflict of Interest only if the appropriate governing board or committee decides that a Conflict of Interest exists.

**Gift** — A Gift or favor for which you pay nothing or less than fair market value. Gifts may be tangible or intangible benefits, including, but not limited to, such items as meals, drinks, entertainment, hospitality, honoraria, recreation, sporting events, discounts, tickets, passes, promotional items, securities, subsidies, real property, personal property, or use of a giver’s time, material, or equipment. A Gift does not include reasonable business entertainment and business meals.

**Interested Person** — An Interested Person includes any Board Member, Non-Board Member, a member of a committee with governing board-delegated powers, or other designated individual who has a direct, or indirect, Financial or Non-Financial Interest as defined herein. If a person is an Interested Person with respect to any entity in BSWH, he or she is deemed to be an Interested Person with respect to all entities of BSWH.

**Material Interest** — A Financial Interest through investment, ownership or otherwise which either:

a. Has a current fair market value of $1,000 or more (excluding ownership or other investment in publicly-traded stock or securities); or,

b. Is a five-percent or greater ownership position in an entity, regardless of the dollar value of the investment. A "five-percent or greater ownership position" means ownership (actual or constructive) of stock possessing five-percent or more of the combined voting power of a corporation, or ownership (actual or constructive) of more than five-percent of the profits interest or beneficial interest in a partnership, trust, or estate. The term "combined voting power" means voting power represented by holding of voting stock (actual or constructive).

**Member of the Family** — A spouse; Significant Other; birth, adoptive, or step-parent; child or step-child (whether natural or adopted); sibling (by whole- or half-blood); step-brother or step-sister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law; grandparent, grandchild, or great-grandchild; and spouse of a grandparent, grandchild or great-grandchild.

**Non-Board Members** — Officers, Presidents, Administrators, Administrative Directors, Department Directors, Medical Directors, and other Administrative Physicians, and certain other physicians within BSWH, and certain other employees in a position to commit BSWH resources to acquire goods or to refer patients for health goods or services. Also includes any other employees or individuals designated at the discretion of BSWH.

**Significant Other** — any individual (e.g., physician, contractor or vendor) with whom the Interested Person has a dating or sexual relationship. A “dating or sexual relationship” includes cohabitation, domestic partners, dating, extramarital relationships, and any other dating/sexual relationship.

**POLICY**

1. **Duty to Disclose**
1.1. BSWH employees who are not required to annually submit the Baylor Scott & White Health Statement of Disclosure of Outside Interests and Activities (Disclosure Statement) under Section 1.2 of this Policy nonetheless have a duty to disclose actual or perceived Conflict of Interests to their supervisor and the Office of Corporate Compliance as potential conflicts are identified, including familial, professional and financial relationships with entities or individuals that conduct, or seek to conduct, business with BSWH or that compete with BSWH.

1.2. Interested Persons and certain individuals with the actual or perceived ability to influence a BSWH entity have the duty to disclose familial, professional and financial relationships with entities or individuals that conduct, or seek to conduct, business with BSWH or that compete with BSWH, through the submission of the Disclosure Statement. These individuals include Board Members, management, physicians with administrative services agreements, Scott & White Clinic, HealthTexas Provider Network, Hillcrest Family Health Center and Hillcrest Physician Services-employed physicians, persons who participate in the design, coordination, conduct, or reporting of research on behalf of BSWH, and other key personnel who interact with outside organizations or businesses on behalf of BSWH will complete a Disclosure Statement on an annual basis and as potential conflicts are identified. Each of these individuals shall annually sign a statement which affirms such person (a) has received a copy of this Policy, (b) has read and understands the Policy, (c) has agreed to comply with the Policy, and (d) understands that BSWH 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. At least annually, or as necessary based on disclosures, the Baylor Scott & White Health Chief Compliance Officer, or his/her designee, will summarize and report all material disclosures to the appropriate governing board or committee.

1.3. A member of the Baylor Scott & White Holdings, Baylor Health Care and Scott & White Healthcare Board of Trustees shall not accept a position on a board of another entity without first receiving approval from the Baylor Scott & White Holdings, Baylor Health Care or Scott & White Healthcare Board of Trustees respectively.

1.4. All individuals who have a duty to disclose, by completing the Disclosure Statement, agree to comply with this Policy and the Baylor Scott & White Health Code of Conduct.

1.5. BSWH, at its discretion, may designate any employee, or other individual who conducts business for or on behalf of BSWH, as a person required to complete a Disclosure Statement.

2. Management of Disclosures

2.1. The Baylor Scott & White Holdings Board of Trustees Audit and Compliance Committee (Audit and Compliance Committee) and/or the Baylor Scott & White Health Corporate Compliance Committee (Corporate Compliance Committee) as the case may be will review all material disclosures submitted by an Interested Person to determine whether a Conflict of Interest exists and to determine an appropriate resolution, if necessary. The Corporate Compliance Committee has a Conflict of Interests subcommittee to assist in the administration of this policy and other applicable BSWH policies as appropriate to prevent, mitigate or resolve actual or potential Conflict of Interests, and evaluate unique circumstances to provide specific guidance to the Corporate Compliance Committee.

2.2. An Interested Person may make a presentation at the governing board or committee meeting and address any questions of the governing board or committee, but after the presentation or any discussion, he/she shall leave the meeting during the determination of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest. The remaining board or committee members shall decide if a Conflict of Interest exists.

3. Compensation and Voting
3.1. A voting member of any BSWH Board, or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from BSWH for services, is precluded from voting on matters pertaining to his or her own compensation.

3.2. No voting member of any BSWH Board, or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from BSWH, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

3.3. Except as required by law, physicians who receive compensation, directly or indirectly, from a BSWH entity, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes approval of compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

3.4. The minutes of the Audit and Compliance Committee or other Baylor Scott & White Holdings board or committee shall contain:

3.4.1. An annual summary of the Disclosure Statements and Conflict of Interests with the Audit and Compliance Committee's and/or the Corporate Compliance Committee's decision regarding the disposition of the Conflict of Interests. The summary shall contain the names of the persons who disclosed, or otherwise were found to have an actual or potential Conflict of Interest, the nature of the Financial or Non-Financial Interest, and the board or committee's decision as to the disposition of the Conflict of Interest.

3.4.2. 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.

3.5. All written declarations, reports, and other documentation which arise from this Policy are considered confidential documents and shall be maintained as such by the appropriate Baylor Scott & White Health officers, committees, and employees in charge of such documentation.

4. Violations of the Conflict of Interests Policy

4.1. If the governing board or committee has reasonable cause to believe a person has failed to disclose actual or possible Conflict of Interests, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

4.2. If, after hearing the person's response, and after making further investigation as warranted by the circumstances, the governing board or committee determines the person has failed to disclose an actual or possible Conflict of Interest, the Baylor Scott & White Health Chief Compliance Officer and the appropriate governing board or committee and/or a representative thereof shall take appropriate disciplinary and corrective action, up to and including separation from employment or affiliation with BSWH, against any individual who fails to comply with this Policy.

5. Periodic Reviews

5.1. To ensure BSWH operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include (a) whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining and (b) whether partnerships, joint ventures, and arrangements with management organizations conform to BSWH’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.
5.2. When conducting the periodic reviews as provided for in Policy Section 5, BSWH may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

6. The Audit and Compliance Committee is responsible for the approval and oversight of this Policy.

7. The Corporate Compliance Committee is responsible for implementing and enforcing the provisions set forth in this Policy and related procedures.

8. The Corporate Compliance Committee is responsible for an annual review of this Policy and the related procedures.

PROCEDURE

1. **Statement of Disclosure of Outside Interests and Activities and Attestation**

   Each person who has a duty to submit a Statement of Disclosure of Outside Interests and Activities, as described in this Policy, shall:

   1.1. Complete the Disclosure Statement annually and again each time circumstances create a change to the previous Disclosure Statement.

   1.2. Individuals completing a Disclosure Statement shall attest annually that they:

      1.2.1. Have received a copy of the Policy and the Baylor Scott & White Health Code of Conduct; and

      1.2.2. Have read and understand the Policy and the Baylor Scott & White Health Code of Conduct; and

      1.2.3. Agree to comply with the Policy and the Baylor Scott & White Health Code of Conduct; and

      1.2.4. Understand that BSWH is a charitable organization and that in order to maintain its federal tax exemption and comply with all applicable Federal and State laws, BSWH must engage primarily in activities which accomplish one or more of its tax-exempt purposes in which BSWH participates, comply with the laws, rules and regulations that pertain to government health care programs (e.g. Medicare, Medicaid, TriCare, etc.), and meet the requirements for accreditation of BSWH hospitals by The Joint Commission.

2. **Procedures for Addressing a Conflict of Interest**

   The Audit and Compliance Committee and/or the Corporate Compliance Committee will review all potential or actual Conflict of Interests that are disclosed by an Interested Person to determine the appropriate disposition of the disclosed activity. After disclosure of an actual or potential Conflict of Interest, a determination of the appropriate disposition of the disclosed activity shall be made in accordance with the following procedure:

   2.1. **Board Members**

      If a Conflict of Interest is determined to exist under the procedures noted in Sections 1 and 2 of the Policy under Duty to Disclose and Management of Disclosures with respect to any transaction or arrangement involving a Board Member, the following general procedures shall, under the direction of the Audit and Compliance Committee, be followed in addressing the Conflict of Interest and in securing independent board approval for the transaction:
2.1.1. The Board Member shall recuse himself/herself from any decision-making with respect to whether the transaction or other arrangement from which the Conflict of Interest arises should be entered into by BSWH.

2.1.2. The Audit and Compliance Committee shall, if appropriate, request that the Baylor Scott & White Health Chief Compliance Officer investigate, or, if appropriate, appoint an independent person or committee to investigate alternatives to the proposed transaction or arrangement.

2.1.3. After exercising due diligence, the Audit and Compliance Committee shall determine whether BSWH 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.

2.1.4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, the Audit and Compliance Committee shall determine by a majority vote of the independent disinterested trustees whether the transaction or arrangement is in the best interest of BSWH and for its own benefit and whether the transaction is fair and reasonable to BSWH. The Audit and Compliance Committee shall then make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

2.1.5. For any Conflict of Interest or potential Conflict of Interest by a member of the Board of Trustees of any BSWH Board, a disclosure of the same should be reported promptly to either the Chair of the Compensation & Governance Committee or the Chair of the Board of Trustees for referral to the Board of Trustees for proper review and resolution.

2.2. Non-Board Members

If a Conflict of Interest is determined to exist under the procedures noted in Sections 1 and 2 of the Policy under Duty to Disclose and Management of Disclosures with respect to any transaction or arrangement involving a Non-Board Member, the following general procedures shall, under the direction of the Audit and Compliance Committee, be followed in addressing the Conflict of Interest:

2.2.1. The Non-Board Member shall recuse himself/herself from any decision-making with respect to whether the transaction or other arrangement from which the Conflict of Interest arises should be entered into by BSWH.

2.2.2. The Baylor Scott & White Health Chief Compliance Officer, under the direction of the Audit and Compliance Committee and with assistance from the Corporate Compliance Committee, shall set forth procedures for investigating alternatives to the proposed transaction and for determining whether BSWH 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.

2.2.3. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, the Baylor Scott & White Health Chief Compliance Officer, with assistance from the Corporate Compliance Committee, shall determine whether the transaction or arrangement is in the best interest of BSWH and for its own benefit and whether the transaction is fair and reasonable to BSWH.

2.2.4. The Audit and Compliance Committee shall review the recommendations from the Baylor Scott & White Health Chief Compliance Officer and then make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

2.2.5. For any Conflict of Interest disclosure by, or transaction or other financial arrangement with, the Chief Executive Officer of Baylor Scott & White Health, the procedures for addressing a Conflict of Interest, outlined above, shall be carried out by the full Baylor Scott & White Holdings Board of Trustees with respect to such disclosure or transaction.
The outcome of decisions regarding the disposition of a Conflict of Interest will be documented in the form of a Conflict of Interest Management Plan.

3.1. Management Plans will be reviewed and approved by the Audit and Compliance Committee and/or the Corporate Compliance Committee.

3.2. Management Plans will be reviewed with senior management at the respective entity before being communicated to the appropriate Interested Person for acceptance.

3.3. Each Interested Person who receives a Management Plan must accept and follow the terms of the Management Plan for continued employment or affiliation with BSWH.

ATTACHMENTS

None.

RELATED DOCUMENTS

BSWH Conflict of Interests Disclosure Statement – FORM 990
BSWH Conflict of Interests Disclosure Statement - FOUNDATION BOARD MEMBERS
Baylor Scott & White Health Code of Conduct
Entertainment for Business Purposes Policy (BSWH.CMPL.ETH.003.P)
Financial Conflict of Interest in Research Policy (BSWH.CMPL.RES.006.P)
Outside Professional Activities Policy (BSWH.CMPL.ETH.014.P)
Nepotism Policy BSWH.HR.EMPL.011.P)

REFERENCES

None.

The information contained in this document should not be considered standards of professional practice or rules of conduct or for the benefit of any third party. This document is intended to provide guidance and, generally, allows for professional discretion and/or deviation when the individual health care provider or, if applicable, the "Approver" deems appropriate under the circumstances.