

**OLIVE VIEW-UCLA MEDICAL CENTER  
POLICY & PROCEDURE**

**NUMBER: 1130**

**VERSION: 2**

**SUBJECT/TITLE: CONFLICT OF INTEREST**

**POLICY:** Each Olive View-UCLA Medical Center (OVMC) workforce member is prohibited from participating in making or attempting to use his/her official position to influence any governmental decision in which he/she has a conflict of interest including, but not limited to, a contract decision. A conflict of interest arises when a workforce member has a motivation (such as a financial, fiduciary, or personal interest) or responsibilities which would or could interfere with his/her ability to make decisions/judgments solely in the best interest of OVMC and its patients.

Conflicts of interest may include, but are not limited to, relationships, associations or business dealings with vendors, suppliers, other healthcare organizations or individuals.

Each OVMC workforce member is to conduct his/her affairs in a manner so as to avoid conflicts of interest, or the appearance of conflicts of interest, and must report any possible conflict of interest situations to his/her supervisor, pursuant to the guidelines contained in this policy.

Participation in making contract decisions includes participation in any aspect of the contract process, including, but not limited to, the recommendation of whether to contract out specific work, the drafting of contract specifications, the evaluation of proposals/bids, the recommendation to award the contract to a proposer/bidder, the monitoring of a contractor, or the recommendation to extend or terminate a contract.

No workforce member shall be involved in the decision to transfer or refer a patient to a private organization in which the workforce member has a financial interest, as defined below, unless specifically authorized to do so by the Director of Health Services (Director) or his/her designee (i.e., Chief Medical Officer), after disclosing the nature of the affiliation.

County owned, leased, or rented facilities, equipment, tools, or supplies shall be used by workforce members only for County purposes.

Confidential and other non-public information gathered through contact with patients, clients, other workforce members, or from departmental records may only be used for official departmental business.

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Honoraria (compensation or gift given to a workforce member for guest speaking engagements), are generally not allowed. In some situations, an honorarium may be accepted if it has been approved by the Director or designee, in writing, prior to the engagement and the honorarium is donated to a 501(c)(3) nonprofit agency or to the Department of Health Services (DHS) to enhance the provision of services. Since the rules are very fact specific, a workforce member must check with his supervisor before accepting any honoraria.

An individual workforce member is prohibited from accepting gifts from vendors or potential vendors. An unsolicited gift of nominal value may be accepted on an occasional basis, such as during the holidays, only if the gift is intended for a division or group and is perishable, such as a box of cookies. Workforce members may never solicit gifts or accept cash or cash equivalents, such as gift certificates. Gifts of travel or training from vendors or other businesses must be evaluated on a case-by-case basis by the OVMC Compliance Officer.

Generally, gifts from patients or persons on behalf of patients to individual workforce members should not be accepted. If the patient insists, unsolicited gifts of little or no monetary value may be accepted so long as acceptance of the gift does not influence the timeliness and quality of care, treatment or services.

Failure of a County workforce member to comply with the conflict of interest policy may result in disciplinary action, up to and including discharge. Non-County workforce members found to be in violation of this policy may be subject to termination of assignment.

Supervisors/managers will be held accountable for ensuring that workforce members are informed of this policy to ensure conflict of interest situations are properly managed. Supervisors/managers are responsible for initiating corrective or disciplinary action for non-compliance with the policy.

Failure of managers/supervisors to comply with and/or enforce this policy may result in disciplinary action, up to and including discharge.

**PURPOSE:** To identify activities that may constitute a conflict of interest, and to state OVMC policy and procedure regarding resolution of such conflicts.

**DEPARTMENTS:** All

**DEFINITIONS:** **Financial Interest:** A workforce member has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the workforce member or a member of his/her immediate family or on:

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- a. Any business entity in which the workforce member has a direct or indirect interest worth \$2,000 or more;
- b. Any real property in which the workforce member has a direct or indirect interest worth \$2,000 or more;
- c. Any source of income to the workforce member aggregating \$500 or more in value provided to, received by or promised to the workforce member within 12 months prior to the time when the decision is made; or,
- d. Any business entity in which the workforce member is a director, officer, partner, trustee, employee or holds any position of management.

**Workforce members:** Workforce members includes employees, contract staff, affiliates, volunteers, trainees, and other persons whose conduct, in the performance of work for OVMC or DHS, is under its direct control, whether or not they receive compensation from the County.

**Immediate family member:** Any relationship formed by blood, genealogy, marriage, adoption, cohabitation, and domestic partnership as defined California Family Code Section 297 et seq. and Los Angeles County Code Section 2.210, including but not limited to spouse (common law or otherwise), child, mother, father, sister, brother, or legal guardian.

**PROCEDURE:**

**I. Reporting and Reviewing Potential Conflicts of Interest**

It is the responsibility of the workforce member to disclose all potential conflict of interest situations and document all relevant facts and circumstances.

- A. Workforce members must complete the “Conflict of Interest Disclosure” form (Attachment I) at the start of service and annually as part of the conflict of interest disclosure process.
- B. If a situation arises in which a workforce member is called upon to participate in a decision that may present a conflict of interest, or the appearance of such a conflict, the workforce member must inform his/her supervisor of this potential conflict using the “Conflict of Interest Reporting” form (Attachment II).
- C. The manager/supervisor will review the circumstances with the workforce member and report the situation to the Compliance Officer for resolution. The manager/supervisor and Compliance Officer will assess whether the workforce member’s financial or personal interests have the potential to compromise professional roles, responsibilities, or judgment of the

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individual and will consider the various legal preclusions which may apply and make a determination as to the appropriateness of the workforce member's participation in the decision-making process. This review and assessment will be documented on the Conflict of Interest Reporting form.

- D. When action is required to ensure that a conflict of interest or appearance of a conflict of interest does not affect the governmental decision-making process, the Compliance Officer and the workforce member's manager/supervisor will develop and implement a remediation plan. Resolution and action should be documented on the Conflict of Interest Reporting form.
- E. Suspected violations of this policy are to be reported to the Compliance Officer. Reports may be made confidentially, however anonymous claims may be difficult to investigate. All efforts will be made, within the limits of the law and practical necessities of conducting an investigation, to maintain the confidentiality of the informant.
- F. The Compliance Officer will be responsible for ensuring any actions with disciplinary implications are referred to DHS Human Resources, Performance Management Unit.

## **II. Notification of Conflict of Interest Policy and Required Disclosure Form**

The OVMC Human Resources Manager shall establish procedures to assure that workforce members receive, are aware of, and sign the required documentation related to this policy.

### **A. County Workforce Members**

County employees shall review this policy and sign the form acknowledging receipt and understanding of the policy. This form must be signed by each incoming, new transfer, reinstated or restored County employee and maintained in the personnel file.

County workforce members will be required to review and sign acknowledgment of this policy annually in accordance with the conflict of interest disclosure process. The policy will also be provided to County employees for review as part of the Performance Evaluation process.

### **B. Non-County Workforce Members**

Non-County workforce members shall receive and acknowledge the "DHS Comprehensive Policy Statement," which shall include key elements of this

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policy, in accordance with the non-County workforce member in-processing procedures. The Comprehensive Policy Statement must also be provided to and acknowledged by the non-County workforce member annually with their annual performance review process.

### **III. Conflict of Interest and Disclosure Code**

Certain classifications of workforce members who may participate in decisions that have the potential for conflict of interest are required by the State of California Political Reform Act of 1974 and Fair Political Practices Commission Regulations to file a financial disclosure statement as noted below.

In compliance with the Political Reform Act of 1974 and the regulations generated by the Fair Political Practices Commission, DHS has enacted a Conflict of Interest and Disclosure Code. This Code lists all job positions that involve the making or participation in the making of decisions that may reasonably have a material effect on the workforce member's private financial interests. The Code also enumerates, for each designated position, the specific type of financial interests that are reportable. On an annual basis, workforce members designated on the Code must complete a Statement of Economic Interests, disclosing those financial interests specified by the Code. Additionally, workforce members who are required to file this disclosure form may be precluded from participating in a broader range of decisions than many other workforce members.

### **IV. Additional Considerations for Physicians, Dentists, Podiatrists, Optometrists, and Chiropractors**

#### **A. Patient Referrals**

Irrespective of the permission of the Director or his/her designee (i.e., Chief Medical Officer), a federal statute, known as Stark II, specifies that a physician cannot refer, or order for, a Medicare patient for certain designated health services to an entity with which the physician, dentist, podiatrist, optometrist, or chiropractor (or an immediate family member of the physician) has a financial relationship unless as permitted by law. Physicians and these other professionals are also prohibited from submitting claims to Medicare, the beneficiary, or any other entity for designated health services that are furnished as a result of a prohibited referral.

The following services are Designated Health Services:

- Clinical laboratory services

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- Radiology and certain other imaging services (including MRIs, CT scans and ultrasound)
- Radiation therapy services and supplies
- Durable medical equipment and supplies
- Orthotics, prosthetics, and prosthetic devices
- Parenteral and enteral nutrients, equipment and supplies
- Physical therapy, occupational therapy, and speech-language pathology services
- Outpatient prescription drugs
- Home health services and supplies
- Inpatient and outpatient hospital services

For purposes of the Stark Law, “financial relationship” can be either (a) a direct or indirect “ownership or investment interest” in the entity that furnishes designated health services or (b) a direct or indirect “compensation arrangement” between the physician and the entity.

The Stark Law enumerates various exceptions, including exceptions for physician ownership or investment interests in hospitals and rural providers and an exception for referrals by employees. Because of the complexity of these exceptions, physicians who wish to make referrals, or order services from an entity with which they have a financial relationship should consult County Counsel. Violations of the statute are punishable by the following: denial of payment for all DHS claims; refund of amounts collected for DHS claims; and civil monetary penalties for knowing violations of the prohibition (42 CFR part 411, Subpart J).

California State law has a similar prohibition, which applies to all patients, not just Medicare and Medicaid beneficiaries. It applies only to physicians however, and has a different set of exceptions. These exceptions allow referrals to the County but may affect referrals to other types of entities.

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References: Joint Commission Leadership Standards 02.02.01 and 04.02.01. State of California Political Reform Act of 1974 Political Reform Act, California Government Code Sections 87100 et. seq. California Government Code Sections 1090 et. seq. 42 U.S.C. Section 1395nn California Business & Professions Code Sections 650.01 and 650.02	
Approved by: Judith Maass (Chief Executive Officer), Paula Siler (Clinical Nurse Director III), Shannon Thyne (Chief Medical Officer)	Date: 09/22/2017
Review Date: 06/2020	Revision Date: 06/2017
Distribution: Olive View Hospital-Wide Policies	
Original Date: 01/2009	