

POLICY TITLE: BUSINESS COURTESIES & VENDOR RELATIONS

APPROVED BY: COMPLIANCE COMMITTEE

ORIGINATED BY: COMPLIANCE OFFICER

REVIEWED/REVISED: 1/2011; 10/02/2012; 10/01/2013; 10/01/2014; 12/08/2014;
10/08/2015

Key Points

- This Policy applies to The Christ Hospital and all of its wholly-owned subsidiaries (collectively, “TCH”), including all members of the Board of Directors, employees, medical staff members, and anyone who provides services to or on behalf of TCH. This Policy also applies to any agents or affiliates that may influence or appear to influence TCH’s transactions with a vendor (e.g., a medical staff member sitting on a TCH committee that influences the selection of vendor services or products), and immediate family members of such persons.
- This Policy sets forth guidelines for appropriate business relationships between TCH and third-party vendors, suppliers, contractors, and consultants.
- This Policy sets forth a requirement that TCH will comply with various guidelines and codes of conduct as promulgated by third party vendor associations.
- This Policy does not apply to business courtesies provided to physicians or patients. Contact the Division of Compliance & Organizational Ethics, Patient Relations, or the Medical Staff Office for further information.
- This Policy does not apply to gifts provided from TCH to non-physician employees.

Definitions

Advance Approval means a written request to the Compliance Officer for a one-time waiver from one or more provisions of this Policy. Such requests should be made at least seven days in advance and must contain all of the following information:

- A description of the proposed gift, gratuity, event, or other business courtesy;
- The business necessity and appropriateness of the business courtesy;
- The expected cost or value per person;
- The participants, and;
- A statement of whether any reviews, renewals, or other transactions are pending with the vendor.

Business Courtesy means any item of value given to another free of cost. Business courtesies may include food, gifts or gratuities, social events sponsored or hosted by an individual or entity, including restaurant meals, sporting events, theatrical events, and receptions.

“Dine and Dash” is a phrase coined by the Office of the Inspector General (“OIG”) to describe the practice of sending or delivering meals to a client without a vendor representative remaining present during consumption of the meal.

Infrequent means that a business courtesy from any one vendor may not be provided more than once per quarter, regardless of value.

Meals means food served and eaten as one of the customary, regular occasions for taking food during the day, such as breakfast, lunch, or dinner (e.g., pizza, sandwiches, entrees with side dishes, etc.).

Non-Meal Foods means snacks, refreshments, confections, or other similar items eaten intermittently throughout the day (e.g., cookies, candy, popcorn, etc.).

Vendor means any merchant, supplier, contractor, consultant, or other business associate who is doing business with or is seeking to do business with TCH. Vendors may include, but are not limited to, suppliers of products, equipment, services, including professional services firms (e.g., legal, accounting, consulting, etc.).

Policy

I. General Principles

- A. Business courtesies involving vendors may further develop relationships that are important to TCH. However, nothing in this Policy should be construed as encouraging business courtesies.
- B. Business courtesies are prohibited, regardless of value, if they improperly influence or appear to improperly influence:
 1. A person’s duties, responsibilities, or loyalties to TCH, or;
 2. Business or regulatory outcomes involving TCH.
- C. All business courtesies must be:
 1. Reasonable and appropriate in amount;
 2. Related to a legitimate business or clinical purpose;
 3. Infrequent;
 4. Unsolicited, regardless of value, and

5. Never in the form of cash or cash equivalents (e.g., stocks, bonds, other securities, or gift certificates).
- D. Business courtesies must never be for the purpose of or appear to be for the purpose of inducing or rewarding patient referrals.
- E. Federal and state governments have strict laws and rules regarding business courtesies offered to their officials, employees, and representatives. TCH will not allow more than nominal business courtesies to such individuals without advance approval of the Compliance Officer or the Compliance Officer's designee.
- F. Business meetings and educational sessions must take place in an environment that is conducive to the exchange of information and any food, gifts, or other items provided must be incidental to the underlying business or clinical purpose.
- G. "Dine and Dash" meals are prohibited.
- H. If a business courtesy (including events) is not anticipated to exceed the value limits set forth below but in fact does inadvertently, a report must be made to the Compliance Officer as if advance approval were being sought.
- I. It is not permissible for TCH to pay part of the cost of a business courtesy for the purpose of reducing its value to the permitted limits. It is, however, acceptable to pay the full value of the business courtesy and then accept.
- J. All provisions of this Policy apply with equal force to TCH when TCH is functioning as a vendor with its clients and business associates. If TCH wishes to deviate from any provision in this Policy when offering business courtesies to its clients, advance approval of the Compliance Officer must be sought.
- K. Under certain circumstances, business courtesies could be a conflict of interest. For questions regarding conflicts or potential conflicts of interest, refer to the appropriate TCH Policy on Conflicts of Interest or the Division of Compliance & Organizational Ethics.
- L. TCH employees may approach vendors for donations to a charitable cause they are sponsoring, sale of an item for a cause and sponsoring a holiday meal ONLY if the vendor is currently providing a product or service to TCH and the vendor's product(s) are not under a review or bid situation.

II. Exemption for Business Meetings and Educational Sessions Conducted on Site

- A. Vendors may provide modest Meals, Non-Meal Foods, or gifts of nominal value at business meetings or educational sessions held on TCH property. The value of such items should not exceed \$15 per person per event. Meals, Non-Meal Foods,

or gifts provided in this context are not considered business courtesies under this Policy and are not otherwise restricted so long as a vendor representative is physically present for the duration of the business meeting or educational session and is an active participant therein.

- B. As a means of demonstrating or marketing a product, a vendor may provide transportation and reasonable accommodations to appropriate TCH employees or physicians¹ for a site visit. However, an equal opportunity must be exercised for all vendors under consideration.

- C. In the event that a vendor is conducting presentations for the purpose of product/service selection and such vendor is in competition for the selection of the product/service, all vendors in the bid must be advised and allowed to provide a nominal meal courtesy or no vendors are allowed to provide it. The opportunity must be equal.

- D. Non-Meal Foods, gifts, gratuities, or other items from vendors that are simply sent or delivered to TCH with minimal or no interaction with a vendor representative are considered business courtesies subject to the restrictions of this Policy, regardless of value.

- E. Discussing business at a predominately social or entertainment event at which spouses or other guests are present does not make such an event a business meeting and exempt from this Policy.

III. Business Courtesies from Vendors

- A. Business courtesies received on-site from a vendor may not:
 - 1. Exceed a total value of \$150 annually²;
 - 2. Be extended to immediate family members or other guests;
 - 3. Be accepted more than once per quarter;
 - 4. Be accepted if some material aspect of an existing business relationship is under negotiation or review (e.g., an audit is being conducted), or if TCH may be a participant, whether directly or indirectly, in any potential legal action involving a vendor;

¹ In the event a non-employed physician participates in the selection of a vendor or product, there should be some documentation that a member of the Executive Team requested the physician's participation. Contact the Division of Compliance & Organizational Ethics for more information.

² Exception: Perishable or consumable gifts (e.g., non-meal foods, flowers, etc.) provided to a TCH department as a whole (not an individual) may exceed the annual limit, but the aggregate value should still be reasonable and appropriate, and of modest value on a per person basis. For example, a vendor usually sends a department candy at Easter, a patriotic flower arrangement on Independence Day, and fruit baskets at Christmas. The aggregate value of these items may be \$200. If the department consists of 30 individuals, each individual would only have derived \$6.67 worth of value from the gifts. This would be considered modest.

5. Exceed the total value of items or services provided or expected to be provided annually to TCH by the vendor.
- B. Meals, business entertainment (e.g., sporting, theatrical, musical, etc.), or other business courtesies received from a vendor at an off-site location may not:
1. Exceed a value of \$150 per person per event;
 2. Include immediate family members or other guests;
 3. Be accepted more than once per quarter;
 4. Be accepted if some material aspect of an existing business relationship is under negotiation or review (e.g., an audit is being conducted), or if TCH may be a participant, whether directly or indirectly, in any potential legal action involving a vendor;
 5. Exceed the total value of items or services provided or expected to be provided annually to TCH by the vendor.
 6. Include the expenses for any travel (except in a vendor automobile) or overnight lodging unless provided pursuant to a contractual obligation.

Furthermore, topics of a business nature must be discussed at such events.

- C. The value of tickets for business entertainment will be the face value of the ticket, unless:
1. More is paid, in which case the amount actually paid will be the value, or;
 2. The amount includes a charitable donation, in which case it will be the fair market value of the event less the donation portion.
- D. Any business courtesies that do not comply with this Policy should be promptly returned to the provider, if possible, and reported to the Division of Compliance & Organizational Ethics.
- E. Unless an exception is already provided, departure from any of the above provisions requires advance approval of the Compliance Officer.

IV. Promotional Training and Seminars from Vendors

A. Vendor Promotional Training

1. Vendors may offer training and educational opportunities, including travel, lodging, and meal expenses, for the purpose of promoting products or services. This does not include training expressly provided under a contract with a vendor, which is not limited by this Policy.
2. Advance approval of the Compliance Officer is always required.

3. The business value to TCH must outweigh any recreational or entertainment value.
4. The amount of time spent on substantive matters must predominate compared to the amount of time spent in recreational or entertainment activities.
5. Lodging, meal, and entertainment expenses must be modest.
6. Travel, lodging, meals and entertainment may not be extended to immediate family members or other guests.

B. Vendor Sponsored Seminars

1. Vendors may offer educational opportunities at seminars, conferences, or other educational sessions that they sponsor and host, including offering free or reduced registration fees, as well as travel, lodging and meal expenses.
2. Advance approval of the Compliance Officer is always required.
3. The business value to a TCH entity must outweigh any recreational or entertainment value.
4. The amount of time spent on substantive matters must predominate compared to the amount of time spent in recreational or entertainment activities.
5. Lodging, meal, and entertainment expenses must be modest.
6. The event may not be limited exclusively to TCH participants.
7. The event must be free to all attendees or the discount/reduction must be the same for all attendees.
8. Travel, lodging, meals and entertainment may not be extended to immediate family members or other guests.

V. Business Courtesies Provided to Government Officials

- A. The only business courtesies that may be offered to officials, employees, or representatives of federal or state governments are Non-Meal refreshments during meetings. Such refreshments may not exceed \$10 in value per person.

- B. No other forms of business courtesies are permitted to be offered to government officials without advance approval of the Compliance Officer

VI. Business Courtesies from Patients

- A. From time to time, patients and visitors may wish to provide business courtesies to TCH personnel to express gratitude or appreciation for services received. Such situations should be treated carefully.
- B. Business courtesies from patients or visitors must be appropriate and modest under the circumstances.
- C. A business courtesy that is or appears to be lavish or extravagant must be refused. Care must be exercised in refusing an offered courtesy to avoid offending or embarrassing the patient or visitor. Any questions on the appropriateness of certain business courtesies should be addressed to one's supervisor or to the Compliance Division. If a patient or visitor insists on providing such a gift, it may be suggested that the patient contact the TCH Development Office.
- D. Business courtesies from patients or visitors directly to individuals are discouraged, but not prohibited. Such business courtesies offered to an individual should be appropriate under the circumstances and of no more than nominal value.
- E. If a patient offers a business courtesy, it should be politely suggested that the item be provided to the department, unit, or group as a whole.
- F. Business courtesies from patients or visitors may not be in the form of cash or cash equivalents.
- G. Business courtesies must never be solicited or requested from patients or visitors.

REFERENCE

PhRMA, Code on Interactions with Healthcare Professionals (Jan. 2009).