

Susquehanna Community Health & Dental Clinic, Inc.

Conflict of Interest Statement Policy

Policy Category:	19.0.02 Governance
Policy Owner:	Compliance Officer
Origination Date:	07/26/2010
First Date Approved by Board of Directors:	07/26/2010

Purpose/Scope: This statement is directed not only to Board members and officers, but to all employees who can influence the actions of SCH&DC. For example, its scope includes all who make purchasing decisions, all other persons who might be described as “management personnel,” and all who have proprietary information concerning SCH&DC.

The purpose of this policy is to protect the interest of Susquehanna Community Health and Dental Clinic, Inc. (the “Corporation”): (1) when the Corporation is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, member of a committee with board-delegated powers (hereinafter referred to as a “Committee Member”), or person with substantial influence over the affairs of the Corporation (including highly compensated and key employees) (hereinafter referred to as an “Influential Person”); or 2) when a director, officer, Committee Member, or Influential Person contemplates serving as a director, officer, member of a committee, employee or consultant of an organization which competes with the Corporation; or 3) when the Corporation is contemplating entering into a transaction or arrangement that might result in a possible excess benefit transaction.

The purpose of this policy is also to meet federal requirements and information required for Internal Revenue Service (“IRS”) reporting purposes. The Corporation is required to disclose in its annual IRS Form 990 Information regarding the independence of its governing body and certain relationships and transactions with respect to certain of its current and former directors, officers, Committee Members and Influential Persons. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest.

Policy Statement:

- I. Identification of a Conflict or Potential Conflict of Interest.
 1. A conflict or potential conflict of interest exists in:
 - a. Any transaction or arrangement between the Corporation and a director, officer, Committee Member or Influential Person;
 - b. Any transaction or arrangement under which the Corporation may actually or potentially compete with another entity: (1) for which a director, officer, Committee Member or Influential Person serves as a director, officer, member of a committee, employee or

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- consultant; or (2) to which a director, officer Committee Member or Influential Person otherwise provides consulting services;
- c.** Any transaction or arrangement between the Corporation and any entity or individual (1) in which or with which a director, officer, Committee Member or Influential Person is an officer or director or has a financial interest, or (2) in which or with which any director, officer, Committee Member, or Influential Person otherwise has any conflict of interest; and
 - d.** Any transaction or arrangement in which a director, officer, Committee Member or Influential Person otherwise has a financial interest.

A director, officer, Committee Member or Influential Person has a “financial interest” if such person, directly or indirectly, whether through business, investment or family has a present or potential ownership or investment interest or compensation arrangement in or with an entity or individual with which the Corporation has or may have a transaction or arrangement or has a compensation arrangement with the Corporation. Compensation includes direct and indirect remuneration as well as gifts and favors that are substantial in nature.

Any director, officer, Committee Member, or Influential Person who as a conflict or potential conflict of interest with respect to any transaction or arrangement is hereinafter referred to as an “interested person.”

If a director, officer, Committee Member, or Influential Person has a direct or indirect financial relationship with respect to any entity in the health care system of which the Corporation is a part, he or she is an interested person with respect to all entities in the system.

II. Conflict of Interest Procedures for Officers, Directors, and Committee Members

1. Disclosure of Conflict or Potential Conflict of Interest.

In connection with any transaction or arrangement presented or to be presented to the Board of Directors of the Corporation (or committee thereof) or to the Corporation’s member(s) or management, as applicable, each interested person is required to make a prompt, full and frank disclosure of the material facts relating to the conflict or potential conflict to the Board of Directors (or committee) or the member(s), as applicable (see sample disclosure form attached hereto as Attachment “A”).

2. Determination of Conflict of Interest.

After disclosure of the conflict or potential conflict and all material facts and after any discussion with the interested person, it shall be the obligation of management, or the Board of Directors (or committee) or the member(s), as applicable, without the participation of the interested person and outside such person’s presence, to make a determination whether a conflict of interest exists.

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3. Interested Person's Participation.

After a determination is made that a conflict exists, an interested person may make a presentation regarding the transaction or arrangement to management, at the Board or committee meeting where the transaction or arrangement is being considered, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. The interested person shall not vote on and shall not use any personal influence with respect to the vote on such transaction or arrangement.

4. Action on the Transaction or Arrangement.

After exercising due diligence, management, or the Board or committee, as appropriate, shall determine whether the Corporation 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. The decision to enter into a transaction or arrangement involving an interested person requires at a minimum a majority vote of the non-interested directors (or committee members) present or the member(s), as applicable. Those directors (or committee members) or member(s), as applicable, may approve the transaction or arrangement only after making the determination that (a) the Corporation could not have obtained a more advantageous rise to a conflict of interest and (b) the transaction or arrangement is in the Corporation's best interest and for the Corporation's benefit and is fair and reasonable to the Corporation. The non-interested directors (or committee members) or member(s), if applicable, may if appropriate appoint a non-interested person or committee to investigate alternatives to the proposed transaction or arrangement.

5. Minutes.

The minutes of the board (or committee) meeting or meeting of the members)shall include the name of the person who disclosed a conflict or potential conflict of interest or was otherwise found to have a financial interest in connection with a conflict or possible conflict of interest, a description of the actions taken to evaluate whether there was a conflict of interest, the nature of the conflict and underlying financial interest and whether the board (or committee) or member(s), as applicable determined that there was a conflict of interest. In addition, the minutes shall identify those persons who were present for discussions and votes relating to the transaction or arrangement, shall summarize the contents of these discussions, including any alternatives to the proposed transaction or arrangement which were discussed, and shall record the vote.

III. Conflict of Interest Procedures for Influential Persons

1. Influential Persons of the Corporation may not enter into an arrangement or transaction with an outside party, either directly or indirectly, that will result in personal benefit to such Influential Person at the expense of Corporation, without the knowledge and consent of Corporation.
2. An Influential Person of the Corporation who is involved, or intends to become involved, in any business or organization that conducts business

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with, or is in direct competition with the Corporation shall disclose such interest to the Corporation and shall not participate in any decisions concerning transactions with such business or organization. If during the regular course of business, a conflict of interest arises between the role of the Influential Person as an employee of Corporation and the role of the Influential Person with respect to another business or organization, the conflict shall be immediately disclosed to Corporation, and the Influential Person shall not take any action which might compromise the interests of Corporation.

3. It shall be the obligation of the President of the Corporation, or his/her designee, in consultation with the legal counsel, to make a determination whether a conflict of interest exists.
 4. Individuals who violate this policy are among other things, subject to disciplinary action, including loss of employment.
- IV. Additional Conflict of Interest and Disclosure Provisions
1. Violations of the Conflicts of Interest Policy.
 - a. If management, or the Board (or committee) or member(s), as applicable, has reasonable cause to believe that a person has failed to disclose an actual or possible conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, management, or the Board (or committee), as applicable, determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
 2. Compensation.
 - a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
 - b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
 - c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to the governing board or any committee regarding compensation.
 - d. Physicians who receive compensation, directly, or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters; provided, however,

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that no physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

3. Annual Disclosure Statements

- a. The Corporation shall review this policy annually and prepare a list of persons to whom an annual Disclosure Statement should be distributed. The Corporation shall maintain such list and record mailing dates related to such list.
- b. Each current officer, director, Committee Member, and Influential Person shall annually complete a Disclosure Statement in the form attached as Attachment "A".
- c. The Corporation shall make a reasonable effort annually to have any person who during the past five (5) years was an officer, director or Influential Person of the Corporation and received compensation in the calendar year ending with or within the Corporation's current tax year to complete a Disclosure Statement in the form attached as Attachment "B".
- d. The Board will review a summary of all the Disclosure Statements at least annually.

4. Periodic Review.

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable based on the competent survey information and are the result of arm's-length bargaining;
- b. Whether acquisition or physician practices and other provider services result in inurement, impermissible private benefit, or in an excess benefit transaction;
- c. Whether partnership and joint venture arrangements and arrangements with management organizations and physician hospital organizations conform to SCH&DC'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; and
- d. Whether agreements to provide health care and arrangements with other health care providers, employees and third-party payors further the Corporation's charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

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In conducting periodic reviews, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibilities for ensuring that periodic reviews are conducted.

Review/Revision Log:

**Approved by Board of Directors: 8/27/2012, 6/24/2013, 10/21/2013, 05/21/2018,
01/25/2022**

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