I. PURPOSE: To promote adherence to legal and ethical requirements relating to self dealing and other forms of conflict of interest

II. DEFINITIONS:

A. "Compensation" - Direct or indirect remuneration as well as gifts or favors that are substantial in nature, the forgiveness of any debt, in-kind transactions, and any other remuneration, benefit, or compensation that provides a thing of value to the recipient. Compensation also includes gifts or favors that are not insubstantial.

B. Conflict of Interest" - A situation in which financial or other considerations have the potential to compromise, bias professional judgment and objectivity, and/or risk professional judgment because the decision is unduly influenced by a secondary interest. It is also where one party in authority to decide a financial transaction uses that position for direct or indirect financial gain.

C. Disabling Guidelines - Describe conflicts that are, or could appear to be, so material that an individual should not serve on the board.

D. "Financial Interest" - A person has a financial interest if the person has, directly or indirectly, through business, investment, or Family:
   - An ownership or investment interest in any entity with which HHSC or one of its facilities has a transaction or arrangement,
   - A Compensation arrangement (where someone receives remuneration for services which could be cash, good, or other services) with HHSC or with any entity or individual with which HHSC has a transaction or arrangement, or
   - A potential ownership or investment interest in, or Compensation arrangement with, an entity or individual with which HHSC or its facilities is negotiating a transaction or arrangement.

Having a financial interest in a financial arrangement is not necessarily a conflict of interest. A conflict of interest only exists if the appropriate HHSC Board or Regional Board or person authorizing the transaction decides that a conflict of interest exists.

F. “Interested or Covered Person” - Any employee, director, principal officer, or member of a committee with governing board delegated powers or any of their family members, who has a direct or indirect financial interest, as defined above, is an interested person. If a person is an interested person with respect to any entity in the health care system of which the organization is a part, he or she is an interested person with respect to all entities in the health care system.

G. “Relationships” - Any financial, consulting, contractual agreements, employment, arrangements, membership, interests or affiliations of any kind.

III. POLICY: It is understood that conflicts may be identified in contractual relationships between the hospital or Corporation and interested or covered persons, their family members, or other financial arrangements.

Given this, HHSC Policy is that:

A. Any HHSC interested or covered member and/or their family members are prohibited from engaging in activities where they stand to benefit financially by having a financial or controlling interest in entities doing business with HHSC.

B. Duty to Disclose: Persons with possible conflicts shall disclose the existence of any financial interest and be given the opportunity to disclose all material facts to the respective decision maker that is considering a proposed transaction or arrangement. Each covered member shall annually sign a conflict of interest disclosure statement.

C. The Board shall consider “Disabling Guidelines” that are consistent with HRS323F-3(d) when reviewing possible conflicts of interest.

D. Record Keeping: The Chief Compliance and Privacy Officer shall record and maintain records of any real or possible conflict of interest declaration and the resulting actions taken.

E. Violations of the Conflicts of Interest Policy: If the governing body has reasonable cause to believe a possible conflict of interest exists, it shall notify that member and afford the member the opportunity to explain why the alleged conflict of interest was not disclosed. If the governing body determines that the member failed to disclose the conflict of interest, it shall take appropriate disciplinary and corrective action in accordance with its Policies/Bylaws.

F. Violations of its conflict of interest policy shall be recorded and kept on record in accordance with state and federal law. Minutes of the meeting where the conflict was discussed shall suffice as the record for purposes of this requirement unless other documentation is required under state or federal law.

G. Participation in Compensation Decisions: Any voting member of any committee or Board that receives compensation, directly or indirectly, from HHSC is precluded from providing information or voting on matters pertaining to that member’s compensation. However, no
physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

IV. APPLICABILITY: This policy applies to employees, decision-makers, Board members, Officers, and Members of the Medical Executive Committees of HHSC facilities.


This policy does not replace any applicable state or Federal laws, including Hawaii State Ethics Commission guidance governing conflicts of interest, disclosure of conflicts of interest, and/or reporting requirements regarding conflicts of interest or duly adopted bylaws.