

**Attachment 1****MaineGeneral Health  
Board of Director's Conflict of Interest Policy**

- I. PURPOSE. The purpose of MaineGeneral Health's (MGH) conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction, arrangement, or relationship that might benefit the private interest of an officer or director of the organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.
- II. DEFINITIONS.
  - A. *Interested Person.* Any Director, Officer, Board Member, or member of a committee with Board-delegated powers, who has a direct or indirect financial or other conflict of interest, as defined below, is an Interested Person. If a person is an Interested Person with respect to any entity in our healthcare system, they are an Interested Person with respect to all entities in our health care system.
  - B. *Conflict of Interest.* A person has a financial Conflict of Interest if the person has, directly or indirectly, through business, investment or Immediate Family: (a) an ownership or investment interest in any entity with which MGH has a transaction or arrangement; (b) a compensation arrangement with MGH or with any entity or individual with which MGH has a transaction or arrangement; (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MGH is negotiating a transaction or arrangement, or (d) a position on the board or committee of another organization, even if not compensated for that position. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. As set forth below, a person who has a financial interest may have a Conflict of Interest only if the Board or appropriate committee decides that a Conflict of Interest exists. A Conflict of Interest may also exist where a person or their Immediate Family member obtains a non-financial benefit or advantage that they would not have obtained absent their relationship with MGH or where their duty or responsibility owed to MGH conflicts with a duty or responsibility owed to another organization. *A Conflict of Interest may also exist where an interested person has been convicted of a crime.*
  - C. *Immediate family.* A parent, sibling, spouse, significant other, or child of an Interested Person or of an Interested Person's spouse or significant other. "Significant other" means that a relationship exists between two people, neither of whom is married, that is intended to remain indefinitely and where there is joint responsibility for each other's common welfare, there are significant shared financial obligations, and there is a shared primary residence.
- III. POLICY: All members of the Board of Directors shall perform their duties and functions impartially, objectively, responsibly, diligently, efficiently, with integrity and in a manner consistent with the best interests of MGH and the people MGH serves. Interested Persons will not derive any personal profit or gain, directly or indirectly, because of participation with MGH. Interested Persons will not vote on transactions or arrangements when they have a Conflict of Interest. Interested Persons will not benefit from information that is obtained in the course of performing duties for MGH, or use such information to the detriment of MGH. This Conflict of Interest Policy requires disclosure of any actual or potential Conflict of Interest to the Board Chair. Board members are required to annually, complete a Conflict of Interest Disclosure

Statement in connection with this Conflict of Interest Policy. Violation of this policy may be grounds for removal from a Board Committee or the Board of Directors.

- IV. RESPONSIBILITY: Any Director, Officer, Board Member or member of a committee with Board-delegated powers, who has a direct or indirect Conflict of Interest, as defined in Section II, subparts B and C of this policy.
- V. PROCEDURES.
  - A. *Duty to Disclose.* In connection with any actual or potential Conflicts of Interest, an Interested Person must disclose the existence of his or her potential conflict, prior to discussion of the proposed transaction. The Interested Person must be given the opportunity to disclose all material facts to the Directors or members of the committee with Board-delegated powers considering the proposed transaction or arrangement.
  - B. *Determining Whether a Conflict of Interest Exists.* After disclosure of the Conflict of Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board or committee meeting while the determination of a Conflict of Interest is discussed and voted upon. The remaining Board or committee members shall vote on whether a Conflict of Interest exists.
  - C. *Procedures for Addressing the Conflict of Interest.*
    - 1. An Interested Person may make a presentation at the Board or committee meeting, but after such presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.
    - 2. The Chairman of the Board or committee shall, when appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
    - 3. After exercising due diligence, the Board or committee shall determine whether MGH 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.
    - 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 Board or committee shall determine by a majority vote of the disinterested Directors or committee members whether the transaction or arrangement is in MGH's best interest and for its own benefit, and whether the transaction is fair and reasonable to MGH. The Board or Committee shall make its decision as to whether to enter into the transaction or arrangement in conformity with the above determination.
  - D. *Failure to Disclose A Conflict of Interest*
    - 1. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible Conflicts of Interest, the Board or committee chair shall inform the member of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

2. If, after hearing the response of the member and making such further investigation as may be warranted by the circumstances, the Board or committee determine by a majority vote of the disinterested Directors or committee members that the Interested Person has in fact failed to disclose an actual or possible Conflict of Interest, the Board or Committee shall determine whether the violation is grounds for removal of the Interested Person from a committee, the Board of Directors, or both.

E. *Confidentiality.* Each Director, Officer, Board Member, or member of a committee with Board-delegated powers shall exercise due care not to disclose confidential information acquired in connection with their status with MGH or information the disclosure of which might be adverse to the interests of MGH. Furthermore, a Director, Officer, Board Member, or member of a committee with Board-delegated powers shall not disclose or use information relating to the business of MGH for their or their Immediate Family members personal profit or advantage.

VI. RECORDS OF PROCEEDINGS. The minutes of the Board and all committees with Board-delegated powers shall contain (i) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible Conflict of Interest, the nature of the financial interest, any action taken to determine whether a Conflict of Interest was present, and the Board's or committee's decision as to whether a Conflict of Interest in fact existed; and (ii) 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.

VII. COMPENSATION.

- A. A member of the Board of Directors or any committee, who receives compensation, directly or indirectly, from MGH for services, is precluded from voting on matters pertaining to that Director's or committee member's compensation.
- B. A voting member of any committee that governs over compensation matters and who receives compensation, directly or indirectly, from MGH for services is precluded from voting on matters pertaining to that member's compensation.
- C. A voting member of the Board of Directors or any committee that governs over compensation matters and who receives compensation, directly, indirectly, individually or collectively from MGH is prohibited from providing information to any committee regarding compensation.
- D. Physicians on the Physician Compensation Subcommittee must comply with Sections B and C above, when the Subcommittee is setting the compensation terms for their area of practice.

VIII. CRIMINAL BACKGROUND CHECKS AND DISCLOSURE.

- A. Duty to Disclose. MGH and its subsidiaries are Exempt Charitable Organization(s) and as such are required to annually report to the State of Maine Department of Professional & Financial Regulation Office of Professional & Occupational Regulation whether any of the officers, directors, trustees or principal officers of our organization have ever been convicted by any court of any crime and provide a detailed description of what happened (including dates) and a copy of the court judgment. Accordingly, all members of the Board of Directors must consent to a criminal background check as a condition precedent to appointment to any Board of MGH and to disclosure of criminal background information

by MGH when required by law, regulation or MGH business interests. Likewise, all current members of the Board of Directors must disclose any adverse actions that occur while serving on the Board in their annual conflict of interest Disclosure Statement. Each member of the Board of Directors is required to accurately self-disclose to the Board Chair, within three business days, any adverse action that occurs during the year. Failure to disclose adverse actions, failure to provide accurate details regarding adverse actions, and/or failure to cooperate in verifying adverse actions may result in removal from the Board of Directors in accordance with the MGH bylaws. Medicare defines an adverse action as (1) a Medicare-imposed revocation of any Medicare billing privileges; (2) suspension or revocation of a license to provide health care by any state licensing authority; (3) revocation or suspension by an accreditation organization such as Boards or the Joint Commission; (4) a conviction of a federal or state felony offense (as defined in § 424.535(a)(3)(i)) within the last ten years; or (5) exclusion or debarment from participation in a federal or state health care program.

- B. Review and Removal. After a case-by-case review, a Board of Director Member may be removed from the Board after a review of the conviction(s) disclosed, when required by law, regulation or as determined to be in the business interests of MGH after taking into consideration the surrounding circumstances of the specific event in accordance with the MGH bylaws.
- C. Confidential. MGH will treat the self-disclosed criminal conviction information as confidential except when disclosure is necessary for business or regulatory reasons.

VIII. ANNUAL STATEMENTS. Each Director, Officer, and member of a committee with Board-delegated powers shall annually sign a statement which affirms that such person: (i) has received a copy of this Conflict of Interest policy; (ii) has read and understands this policy; (iii) has agreed to comply with this policy; and (iv) understands that MGH is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. In addition, each Director, Officer, and member of a committee shall annually complete a Conflict of Interest Disclosure Statement, attached hereto as Attachment 3.

IX. PERIODIC REVIEWS. To ensure that MGH 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 compensation reviews shall be conducted by a special or ad hoc committee of the Board with assistance from the Chief Human Resources Officer and/or the Chief Compliance Officer. The periodic reviews shall, at a minimum, include the following subjects: (i) whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; (ii) whether any transactions or contracts for services result in inurement or impermissible private benefit; (iii) whether partnership and joint venture arrangements and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further MGH's charitable purposes, and do not result in inurement or impermissible private benefit; and (iv) whether agreements to provide health care and agreements with other health care providers, employees, and third party payors further MGH's charitable purposes and do not result in inurement or impermissible private benefit.

X. USE OF OUTSIDE EXPERTS. In conducting the periodic reviews provided for in this policy, MGH may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

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