
POLICY SUBJECT:
***Conflict of Interest Policy
for Officers and Members
of the Board of Managers***

EFFECTIVE DATE: Jan. 1, 2013
REVIEW BY: Jan. 1, 2014

*To be reviewed every year by the
KentuckyOne Health Partners
Board of Managers*

I. POLICY

It is the Policy of KentuckyOne Health Partners (“ACO”) that:

- Each of ACO’s managers¹ and officers acts at all times in a manner that furthers ACO’s and its Member’s charitable purpose of service to the community and exercises care that he or she does not act in a manner that furthers his or her private interests to the detriment of ACO’s purposes, including providing a benefit to the community; and
- Each of ACO’s managers and officers avoids conflicts of interest and otherwise fully discloses to ACO any potential or actual conflicts of interest if such conflicts cannot be avoided so that such conflicts are dealt with in the best interests of ACO.

This Policy covers all managers and officers, and applies to all Affiliates² of ACO. If a manager or officer has a potential or actual conflict with ACO and/or any of its Affiliates, such manager or officer is deemed to also have a potential or actual conflict with respect to ACO and all of its Affiliates.

II. PURPOSE

The purpose of this Policy is to protect the interests of ACO in circumstances that may result in a conflict between the personal interests of a manager or an officer and those of ACO.

¹ For purposes of this Policy, the term “manager” shall also include members of any Board Committee who do not serve on the Board of Managers of ACO.

² “Affiliate” includes any entity directly or indirectly controlling, controlled by, or under common control with ACO whether through membership or stock ownership.

III. CONFLICT OF INTEREST DEFINED

In general, a conflict of interest exists when the personal interests of a manager or officer may affect the ability of a manager or officer to act in the best interest of, and with good faith and loyalty to, ACO. A conflict of interest can be considered to exist in any instance where the actions or activities of an individual on behalf of ACO also involve:

- The obtaining of direct or indirect personal gain or advantage; or
- An adverse or potentially adverse effect on the interests of ACO.

A conflict of interest transaction is one in which ACO and/or any of its Affiliates is a party and in which a manager or officer has a direct or indirect financial interest, or other outside interest, such that it could influence his or her action on the matter while acting on behalf of ACO. Conflicts of interest can also arise in other instances.

Although it is impossible to list every circumstance giving rise to a conflict of interest, the following will serve as a guide to the possible types of activities that might present potential or actual conflicts of interest and that should be fully and promptly reported as provided below.

1. Financial/Outside Interests. The personal interests of a manager or an officer of ACO **may** conflict with the interests of ACO if he or she, or any immediate family member of his or hers, by blood or marriage (“immediate family member”), is a person:
 - a. Who solicits, bids, contracts, or supplies goods or services (including consulting or professional services) to ACO, its Member and/or to any of its Affiliates;
 - b. From whom or to whom ACO, its Member and/or any of its Affiliates leases property or equipment;
 - c. With whom ACO, its Member and/or any of its Affiliates is dealing or is planning to deal in connection with the purchase or sale of real property, investment securities, or other property;
 - d. Who is an officer, serves on the governing board, participates in management, or is otherwise employed or compensated by a person, company, or organization which **competes with** ACO, its Member and/or any of its Affiliates;
 - e. Who is an officer, serves on the governing board, participates in management, or is otherwise employed or compensated by a person, company, or organization that is **engaging in transactions with** ACO, its Member and/or any of its Affiliates, other than ACO’s own Affiliates.
 - f. Who has a material financial interest through ownership of stock or other type of equity interest (“equity interest”) in a person or company (“entity”) that is

engaging in transactions or competes with ACO, its Member and/or any of its Affiliates of the type listed in (a) through (e) above. For purposes of subsections III.1.f. and III.1.g, a “material financial interest” shall not include equity interests of less than 1% in entities whose securities are listed on an established public securities exchange and have \$75 million or more in shareholder equity. It shall be a “material financial interest” if the equity interest exceeds 1% of the entity’s market capitalization or 5% of the manager’s, officer’s or their immediate family member’s personal assets; or

- g. Who has a material financial interest as a creditor of a company that is **engaging in transactions or competes with** ACO and/or any of its Affiliates of the type listed in (a) through (e) above.
2. Corporate Opportunity. It may be a conflict of interest when a manager or officer fails to inform ACO of a corporate opportunity and instead diverts it to himself or herself (or immediate family member) to the detriment of ACO. A “corporate opportunity” is a business opportunity that ACO: (1) has a reasonable interest in or could be expected to take advantage of; and (2) is financially able to undertake. The opportunity must be in a line of business similar to those ACO currently operates and must be one that could be advantageous to ACO.
3. Nonpublic Inside Information. It is a conflict of interest to disclose nonpublic inside information relating to ACO, its Member and/or any of its Affiliates’ business and/or use such information for the personal profit or advantage of any manager or officer, his or her immediate family, or any other entity of which the manager or officer is an employee, officer, manager or shareholder.
4. Gifts, Gratuities, and Entertainment. It may be a conflict of interest for a manager or officer (or immediate family member) to accept gifts, excessive entertainment, unsecured loans, or other favors from any outside concern that does, or is seeking to do, business with, or is a competitor of ACO, its Member and/or any of its Affiliates under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the manager or officer in the performance of his or her duties. This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and not related to, or not likely to influence a decision regarding, any particular transaction or activity of ACO and/or any of its Affiliates.
5. Other Areas of Conflicting Interest. Other circumstances may arise which could result in a conflict between a manager’s or officer’s personal interests and those of ACO. These Policy guidelines are not intended to describe all potential conflict situations. In general, any circumstance that may give rise to reasonable questions of possible favoritism, self-dealing or undue influence may be a conflict of interest. All such conflicts must be disclosed as required by this Policy and should be avoided, if possible. ACO’s managers and officers should also be sensitive to the appearance of conflict, even if no actual conflict exists. If an actual or possible conflict cannot be

avoided, it shall be disclosed according to the procedures set forth in Article IV of this Policy.

IV. **DISCLOSURE, REVIEW AND INITIAL DETERMINATION**

1. General Obligation. Each manager or officer must promptly and fully report to ACO's Corporate Responsibility Officer (CRO) situations that may create a conflict of interest when he or she becomes aware of such situations. In any situation where a manager or officer is in doubt, full disclosure should be made so as to permit an impartial and objective determination. A written record of the disclosure will be made.
2. Annual Disclosure Statement. In addition to the ongoing disclosure obligation, ACO's President/CEO shall annually send to all managers and officers a copy of this Policy statement and the Conflict of Interest Disclosure Statement. The managers and officers must promptly complete, sign, and return the statement to ACO's Corporate Responsibility Officer who will review the completed statements.
3. Review, Evaluation and Initial Determination. ACO's Corporate Responsibility Officer or designee shall make such further investigation of conflicts of interest disclosures as he or she may deem appropriate. If the conflict involves ACO's President/CEO, the President/CEO of the Member will assume the Chair's role outlined in this Policy. Based on review and evaluation of the relevant facts and circumstances, ACO's Corporate Responsibility Officer will make an initial determination as to whether a conflict of interest exists and whether, pursuant to this Policy statement, review and approval or other action by the Board of Managers is required. A written record of ACO's Corporate Responsibility Officer's determination, including relevant facts and circumstances, will be made. ACO's Corporate Responsibility Officer shall then make an appropriate report to the Board of Managers concerning such review, evaluation and determination. If there is a difference of opinion between ACO's Corporate Responsibility Officer and another manager or officer as to whether the facts and circumstances of a given situation constitute a conflict of interest or whether Board of Managers review and approval or other action is required within this Policy statement, the matter shall be submitted the President/CEO of the Member who shall make a final determination as to the matter presented. Such determination, including relevant facts and circumstances, will be reflected in a written record and will be reported to the Board of Managers.

V. **BOARD REVIEW**

1. Transactional Conflicts of Interest. The Board of Managers shall carefully scrutinize and must in good faith approve or disapprove any transaction in which ACO is a party and in which one or more of ACO's managers or officers either:
 - Has an actual conflict of interest; or

- Is a manager or officer of the other party (other than ACO's own Affiliates).

The Board of Managers must approve the transaction by a majority of the managers on the Board, without counting the vote of any manager who has an interest in the transaction. In reviewing such transactions between ACO and vendors or other contractors who are, or are affiliated with, managers or officers, the Board shall act no more or less favorably than it would in reviewing transactions with unrelated third parties. The transaction will not be approved unless the Board determines that the transaction is fair to ACO.

2. Other Conflicts of Interest. The Board of Managers shall carefully review and scrutinize non-transactional conflicts of interests (e.g., disclosure of nonpublic information, competition with ACO, failure to disclose a corporate opportunity, excessive gifts or entertainment, etc.). By a majority vote of the disinterested managers, the Board shall take whatever action is deemed appropriate under the circumstances with respect to the manager or officer in order to best protect the interests of ACO including possible disciplinary or corrective action. The Board should consult with ACO's legal counsel when considering disciplinary or corrective action.
3. Disclosure by Interested Manager. When conflicts of interest are considered by the Board of Managers, the manager or officer must disclose all of the material facts to the Board. The manager or officer shall not vote or use his or her personal influence on the matter. However, if requested, such manager or officer is not prevented from briefly stating his or her position in the matter, nor from answering pertinent questions from Board members, as his or her knowledge may be of significant importance. The manager or officer shall be excused from the meeting during discussion and vote on the conflict of interest.
4. Record of Proceedings. Minutes of the Board of Managers shall reflect the following: the individual making the disclosure, the nature of the disclosure, discussion regarding any proposed transaction, the decision made by the Board, and that the interested manager abstained from voting.
5. Implementation and Interpretation. Questions regarding the implementation and interpretation of this Policy shall be referred to ACO's legal counsel.

VI. **POLICY VIOLATIONS**

If the Board of Managers reasonably believes that a manager or officer has failed to disclose either an actual or potential conflict of interest, or all material facts surrounding an actual or possible conflict as required by this Policy, the manager or officer will be given an opportunity to explain such alleged failure to disclose. After hearing the response of the manager or officer, the Board will conduct such additional investigation as may be appropriate. If the Board determines that the manager or officer has in fact

failed to disclose as required by this Policy, the Board shall take appropriate disciplinary or corrective action, which may include removal from the Board.

VII. LOANS AND GUARANTEES

ACO is prohibited from lending money to or guaranteeing the obligation of any manager or officer.

VIII. COMPENSATION

A voting member of the Board of Managers or any Board committee that determines compensation matters who also receives direct or indirect compensation from ACO for services performed by the voting member may not vote on matters pertaining to that voting member's personal compensation from the ACO; provided that this prohibition shall not prohibit a voting member of the Board of Managers or any Board committee from voting on the adoption of a plan methodology which is considered and approved subsequent to the initial ACO shared savings distribution plan so long as such ACO shared savings distribution plan has uniform application across similarly situated ACO Participants and does not involve the direct determination of the amount of shared savings payment funds to be received by a single individual voting member of the Board of Managers or member of a committee of the Board. Without limiting the foregoing, nothing in this policy shall prohibit a voting member of the Board of Managers or a committee of the Board from voting on a distribution plan of general application across the ACO where such plan may result in the payment of a portion shared savings to the ACO Participant employer of a voting member of the Board or any committee of the Board, and where a portion of such funds may ultimately be received by such voting member in the form of compensation.

ATTACHMENT(S) or EXHIBIT(S)

- **Conflict of Interest Form**

AMENDED

- **N/A**

REFERENCES

(Name of Board Member)
**CONFLICT OF INTEREST
DISCLOSURE STATEMENT**

Pursuant to the Conflict of Interest Policy for managers and officers adopted by the Board of Managers of **KentuckyOne Health Partners** (“ACO”) requiring disclosure of certain interests, a copy of which has been furnished to me, I hereby state that I or members of my immediate family have the following affiliation or interests and have taken part in the following transactions that when considered in conjunction with my position with or in relation to ACO and its Affiliates, might possibly constitute a conflict of interest. (Check NONE where applicable.) (Attach a separate sheet, if necessary.)

1. Outside Interests: Identify the interests other than investment, of yourself or your immediate family, as described in Items 1(a), (b), or (c) of Section III in the Conflict of Interest Policy.

() NONE

2. Outside Activities: Identify any outside activities, of yourself or your immediate family, as described in Item 1 (d) or (e) of Section III in the Conflict of Interest Policy.

() NONE

3. Financial Interests or Investments: List and describe, with respect to yourself or your immediate family, all investments or other material financial interests as described in Items 1 (f) or (g) of Section III in the Conflict of Interest Policy.

() NONE

4. Corporate Opportunity: Identify any business opportunities involving yourself or your immediate family which might be considered a corporate opportunity as described in Item 2 of Section III in the conflict of Interest Policy.

() NONE

5. Nonpublic Inside Information: By signature below, I certify that neither I, nor any member of my immediate family, has disclosed, or will disclose, nonpublic inside information

relating to the business of ACO and/or any of its Affiliates and/or used such information for the personal profit or advantage of myself, any member of my immediate family, or any entity of which I serve as an employee, officer, manager or shareholder.

6. Gifts, Gratuities, and Entertainment: List and describe, with respect to yourself or your immediate family, all gifts, gratuities, loans, etc. as described in Item 4 of Section III in the Conflict of Interest Policy.

() NONE

7. Other Possible Conflicts: List and describe, with respect to yourself or your immediate family, any other circumstances which you believe could be considered a possible conflict of interest.

() NONE

I hereby agree to report to the President/CEO of ACO (as set forth in the Policy) any change in the responses to any of the foregoing questions which may result from changes in circumstances before completion of my next Conflict of Interest Disclosure Statement.

I also hereby affirm the following:

1. I have received a copy of ACO's Conflict of Interest Policy,
2. I have read and understand the Policy,
3. I agree to comply with the Policy, and

Signed: _____

Printed Name: _____

Date: _____

Please return this form to the KentuckyOne Health Partners Corporate Responsibility Officer.