



Policy Title: Acceptance of Gifts and Business Courtesies

Purpose: The federal anti-kickback statute prohibits the acceptance of any item of value (remuneration) made directly or indirectly, in cash or in kind, that may induce or appear to induce the purchase or referral of any kind of health care goods, services, or items reimbursed by a federal or state health care program (Medicare and Medicaid). The purpose of this policy is to ensure that all employees, contractors, vendors, and agents of Shore comply with the federal anti-kickback statute and other applicable laws and regulations that prohibit the acceptance or provision of gifts or business courtesies that may influence or appear to influence the referral or purchase of any health care items or services reimbursed by a federal or state health care program.

Shore has adopted clear standards of behavior to ensure activities and business interactions conducted by and on behalf of the Shore are in compliance with federal and state laws and regulations relative to business gifts and other gratuities.

Adherence to these guidelines will ensure protection of the Hospital's business practices and avoid even an appearance of improper relationships with vendors, service providers, or individuals who conduct or seek to do business with the Shore.

This policy is intended to provide guidelines for appropriate decision making regarding the acceptance or provision of gifts and business gratuities. It should not be considered exhaustive. Rather, it provides guidance for various common circumstances, and it sets the standard for all who represent the organization. Any question regarding a particular relationship, gift, or gratuity should be directed to a supervisor, Human Resources or the Corporate Compliance Officer.

Scope: Organizational

This policy applies to all employees, contractors, and agents of Shore, including employed or contracted physicians, licensed practice professionals, nurses, administrators, and other staff members.

Definitions:

SHORE - Shore Memorial Health System, its not-for-profit subsidiaries, including Shore Memorial Hospital, D/B/A Shore Medical Center, Shore Memorial Health Foundation, D/B/A Shore Medical Center Foundation, Shore Health Services Corporation; and its for-profit subsidiaries, including Shore Health Enterprises

CCO - Chief Compliance Officer

"Gift" - means anything of value that is given or received for which no payment or service is expected or received in return. Gifts include, but are not limited to, cash, cash equivalents (such as gift cards), loans, discounts, entertainment, meals, travel, lodging, promotional items, or use of a vendor's facility or equipment.

"Business courtesy" - means a gesture of goodwill or appreciation that is offered or received in the normal course of a business relationship. Business courtesies include, but are not limited to, invitations to attend educational or professional events, conferences, seminars, or workshops; provision of educational materials or resources; or sponsorship of charitable or community activities.

"Vendor" - means any individual or entity that supplies or seeks to supply goods or services to Shore or its patients, or that is in a position to refer or influence the referral of patients or business to Shore. Vendors include, but are not limited to, pharmaceutical companies, medical device manufacturers, durable medical equipment suppliers, laboratories, consultants, contractors, and referral sources.

Policy:

Employees, contractors, and agents of Shore may not solicit or accept any gifts or business courtesies from vendors that may influence or appear to influence their professional judgment or decision-making regarding the referral or purchase of any health care items or services reimbursed by a federal or state health care program.

Employees, contractors, and agents of Shore may accept unsolicited gifts or business courtesies from vendors only if all of the following criteria are met:

- The gift or business courtesy is of nominal value (no more than \$50 in aggregate per year from any individual, organization or vendor);
- The gift or business courtesy is not cash or cash equivalent;
- The gift or business courtesy is not intended to influence or reward any referral or purchase decision;
- The gift or business courtesy is consistent with industry standards and ethical practices; and
- The gift or business courtesy is reported in advance of acceptance via e-mail to both the employee's supervisor and copied to Corporate Compliance Department.

Employees, contractors, and agents of Shore may accept invitations to attend vendor-sponsored events only if all of the following criteria are met:

- The event is primarily educational or professional in nature and has a legitimate business purpose;
- The event is certified for continuing education credit by an accredited organization;
- The event is open to other health care professionals from different organizations;
- The event does not involve lavish or excessive hospitality or entertainment;

- The event does not require travel outside the local area (unless approved by the employee's supervisor and the compliance officer);
- The event does not interfere with the employee's regular duties and responsibilities; and
- The event is reported in advance of acceptance via e-mail to both the employee's supervisor.

Employees, contractors, and agents of Shore may not offer or provide any gifts or business courtesies to vendors that may influence or appear to influence their professional judgment or decision-making regarding the referral or purchase of any health care items or services reimbursed by a federal or state health care program.

Procedure:

I. Gifts

A. Receiving of Gifts

1. It is acceptable for a department, clinical unit, or clinical practice to accept a modest perishable gift such as a floral arrangement, box of cookies, candy pastries or similar food items to be shared by staff members. Gifts of this nature should never be directed to or accepted by any one individual.

2. Educational Support

Restricted subsidies to underwrite the cost of Shore continuing education conferences or professional meetings can contribute to the improvement of patient care and therefore are permissible. However, in all instances of industry supported education, the following criteria must be met:

- (a) Acceptance of educational support must never be made conditioned on or related in any way to pre-existing or future business relationships with the benefactor; and
- (b) Faculty must be present to supervise any educational discussion.

3. Promotional items such as pens, notepads, mugs, or similar items may be accepted from a vendor or business associate as long as they are nominal in value (\$10 or less per instance and no more than \$50 in the aggregate annually).

4. Cash or cash equivalents such as gift certificates, gift cards, stocks, bonds, etc. from outside entities or non-employed individuals are prohibited.

5. No gifts or items of value of any kind should be solicited from patients or their families.

B. Offering of Gifts

1. Food, beverages, gifts, and entertainment (even of nominal value) may not be offered to any governmental official. Such gifts could be misinterpreted as an attempt to improperly influence an official and must be avoided.
2. Any gift intended to induce or reward referrals or result in the purchase of goods or services is prohibited.
3. The Marketing and Communications Department and/or other entities of Shore may develop and distribute promotional items of nominal value (*e.g.*, pens, notepads, calendars, etc.) that promote awareness of clinical programs for referral sources or patients consistent with the Hospital's mission to provide community outreach and education.

II. Social Events and Business Courtesies

A. Permitted Business Courtesies:

1. There may be times when it is permissible to accept a meal or other invitation offered by a current or potential business associate. However, the purpose must never be to induce or influence a business transaction. As a general rule, in order to accept an invitation to such an occasion, the cost must be reasonable (not to exceed \$50 per person). If the occasion appears extravagant or if the invitation could be perceived as intended to influence a business decision involving Shore, attendance at such an occasion is prohibited. To be acceptable, the occasion should conform to all of the following guidelines:

- (i) The cost and location must be reasonable and not extravagant;
- (ii) Paid expenses for any travel costs or overnight lodging for the individual or his/her family are prohibited;
- (iii) The invitation is for an ordinary business meal or gathering during which the host is present and business is conducted; and
- (iv) Acceptance of such an invitation from an individual or entity is rare unless expenses are shared by both parties.

B. Prohibited Business Courtesies:

Business courtesies of personal benefit such as a pair of tickets or invitations to sporting events, theatrical events, or golf outings unaccompanied by the host may not be accepted.

C. Sponsoring Business Events

Shore may routinely sponsor events with a legitimate business purpose (i.e. board meetings and/or retreats). For these events, reasonable and appropriate meals and entertainment may be offered. Transportation and lodging for these events may be paid for by Shore.

D. Referral Sources:

Any gifts or entertainment involving physicians or other persons in a position to refer patients are subject to federal laws, rules, and regulations regarding these practices and must be undertaken with the utmost integrity and good judgment. Individuals uncertain about whether a particular event or function may be accepted should contact their supervisors, Human Resources, or the Corporate Compliance Department for advice. Each of the following elements must be present when accepting a business courtesy from a referral source:

- (i) Cost and location must be reasonable;
- (ii) Paid expenses for any travel or overnight lodging are prohibited;
- (iii) A business courtesy from an individual or entity should be of such limited value (\$50 per person annually) that it would not be reasonably perceived by anyone as an attempt to affect the judgment of the recipient or induce referrals;
- (iv) Subsidies for hospitality and business courtesies should not be accepted beyond modest meals or socializing opportunities held as part of a conference or meeting; and
- (v) A conference or meeting must primarily be to discuss business. A modest meal associated with the meeting or conference is acceptable if the host is present.

III. Honoraria and Consultations

1. Individuals who are invited to speak or provide genuine consulting services can accept reimbursement in the form of honoraria or compensation for time and expenses if all of the following conditions are met:
 - (i) travel, lodging, and meal expense reimbursement is reasonable and directly related to the engagement;
 - (ii) compensation fees received are fair-market value;

- (iii) presentations or consultation engagements must be of scientific/academic merit and/or must benefit Shore;
- (iv) consultation and service agreements must be in writing in advance of the event;
- (v) acceptance of honoraria or consultation engagements have received prior approval from an appropriate Vice President or Administrative Director for non-physician employees; and
- (vi) Individuals may not do private consulting work for a vendor who conducts, or who wants to conduct business with Shore, without receiving prior approval for the activity from their Vice President, Administrative Director or the Chief Compliance Officer.

Nothing in this policy is intended to prohibit the development of good and ethical relationships between representatives of Shore and its business partners. To ensure compliance with this policy and avoid even the appearance of impropriety, expenses for multiple social outings with the same individual should be shared equally by both parties.

The guidance provided in this policy is intended to communicate the Shore's ethical standards regarding gifts, gratuities, and business courtesies. Although all possible instances of gratuities and courtesies cannot reasonably be addressed in a single policy such as this, employees, officers, and agents of Shore are required to abide by the letter and the spirit of these guidelines.

Questions regarding the appropriateness of any gift, gratuity or business courtesy should be directed to your supervisor, Human Resources, or the Corporate Compliance Department.

Related Policies: Corporate Compliance Code of Conduct
Conflicts of Interest Policy