

CHILDREN’S HOSPITAL LOS ANGELES MEDICAL GROUP
COMPLIANCE POLICY MANUAL

POLICY	Gifts, Gratuities and Business Courtesies
SIGN OFF	Robert Adler, M.D., CHLAMG Compliance Officer
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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 Medi-Cal). Consequently, CHLAMG strictly prohibits the acceptance of any gifts or business courtesies from vendors or others with whom we presently or potentially conduct business that would violate a federal law or state law.

CHLAMG has adopted a Code of Conduct and compliance policies to ensure activities and business interactions conducted by and on behalf of the medical group comply with federal and state laws relative to business gifts and other gratuities. Adherence to these guidelines will ensure protection of the medical group’s business practices and avoid the appearance of improper relationships with vendors, service providers, or individuals who conduct or seek to do business with the medical group.

The intent of this policy is 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 CHLAMG. You should direct any question regarding a particular relationship, gift, or gratuity to the physician’s Department or Division Head, the CHLAMG Compliance Director, the PMG CFO or CEO.

POLICY

GIFTS

A. Receiving of Gifts

1. Staff may accept a modest perishable gift such as a floral arrangement, box of cookies, candy, or similar food items to share with others. However, without first receiving approval by the Department or Division Head and Administrative Director, staff may not accept meals sent from vendors and contractors.
2. Educational Support: In all instances of industry supported education, the following criteria must be met:
 - a. Individuals working for CHLAMG can never condition acceptance of educational support on a pre-existing or future business relationship with industry. Do not accept educational support that is related in any way to a pre-existing or future business relationship with the industry.
 - b. Faculty must be present to supervise any educational discussion.
3. Staff may accept promotional items such as pens, notepads, mugs, or similar items 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. CHLAMG prohibits acceptance of cash or cash equivalents such as gift certificates, stocks, bonds, etc. from anyone.
5. Staff may not solicit gifts or items of value of any kind from patients or their families.

B. Offering of Gifts

1. Do not offer food, beverages, gifts and entertainment (even of nominal value) to any governmental official. The government could misinterpret such gifts as an attempt to improperly influence an official and staff must avoid the appearance of impropriety.
2. This policy prohibits staff from offering any gift with the intent to induce or reward referrals or result in the purchase of goods or services.
3. The Community Relations or Human Resources Departments may develop 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 CHLAMG mission to provide community outreach and education.

SOCIAL Events and Business Courtesies

A. Permitted Business Courtesies:

1. There may be times when CHLAMG permits staff to accept a meal or other invitation from a current or potential business associate. However, the purpose must never be to induce or influence a business transaction. As a general rule, the cost must be reasonable. If the occasion appears extravagant or if a reasonable person could perceive the invitation as an intention to influence a business decision involving the medical group, CHLAMG would prohibit such attendance. To be acceptable, the occasion should conform to the following guidelines.
 - a. The cost and location must be reasonable and not extravagant.
 - b. Paid expenses for any travel costs or overnight lodging for the individual or his/her family are prohibited.
 - c. The invitation is for an ordinary business meal or gathering during which the host is present and business is conducted.
 - d. Acceptance of such an invitation from an individual or entity is rare unless expenses are shared by both parties.

B. Prohibited Business Courtesies:

1. 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, unless approved by the Department/Division Head or PMG Chief Financial Officer.

C. Sponsoring Business Events

1. CHLAMG may routinely sponsor events with a legitimate business purpose (board meetings, retreats). For these events, reasonable and appropriate meals and entertainment may be offered. CHLAMG may pay for transportation and lodging for these events.

D. Fundraising Events

1. Staff may attend a CHLAMG fundraising event that a current or prospective vendor or others doing business with CHLAMG sponsors, provided that the vendor or others sponsoring the event extend the invitation to the employee and that the host attends the event with the CHLAMG employee.
2. Any current or potential vendor wishing to sponsor a CHLAMG fundraising event, but who plans to be absent from the event, may offer the event tickets to the CHLAMG Community Relations Department. The Community Relations Department will coordinate with CHLAMG Administrative Directors to determine who should receive the sponsored tickets

E. Other Non-Profit Organization Fundraising Events

1. CHLAMG employees can attend other regional non-profit organization events that vendors or others with business relationships with CHLAMG sponsor, provided the event is reasonable, directly supports the non-profit organization and the host and the recipient are present at the event.

F. Referral Sources:

1. 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 staff must undertake their responsibility to comply with

the law with the utmost integrity and good judgment. Individuals uncertain about whether a particular event or function may be acceptable should contact their supervisors, Human Resources or the Corporate Compliance Officer for advice. The following elements must be present when staff accept a business courtesy from a referral source.

- a. Cost and location must be reasonable.
- b. Do not accept paid expenses for any travel or overnight lodging.
- c. A business courtesy from an individual or entity should be of such limited value (\$100 per person annually) that a reasonable person would not perceive as an attempt to affect the judgment of the recipient or induce referrals.
- d. Do not accept subsidies for medical group and business courtesies beyond modest meals or socializing opportunities held as part of a conference or meeting.
 - i. 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.

INDUSTRY SPONSORED TRAVEL EXPENSES

A. Permitted

1. CHLAMG permits reasonable coverage of travel expenses by a vendor or business when the subsidized individual is:
 - a. Presenting at a conference;
 - b. Participating in a meeting for the purposes of sponsored research protocol review;
 - c. Participating as a member of a governmental panel;
 - d. Participating as part of an approved “Speakers Bureau” engagement

B. Prohibited

1. CHLAMG prohibits acceptance of travel expense reimbursement from an outside organization when:
 - a. The outside organization extends the offer to an individual’s spouse or family member;
 - b. An individual is not presenting at the meeting or conference;
 - c. The primary focus is social with minimal or no business activity (e.g. golf, resort or other recreational activities);
 - d. A potential or current vendor offers travel expense reimbursement to discuss, promote or showcase vendor products or services, if the existing vendor contract does not explicitly define this requirement, unless the department’s Administrative Director and Compliance Officer and/or CEO provides prior approval;
 - e. The event location appears extravagant (i.e. outside the USA).

HONORARIA AND CONSULTATIONS

A. 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 under the following conditions:

1. Travel, lodging, and meal expense reimbursement is reasonable and directly related to the engagement;
2. Compensation fees are fair-market value;
3. Presentations or consultation engagements must be of scientific/academic merit and/or benefit the Medical group;
4. Consultation and service agreements must be in writing;
5. An appropriate Administrative Director provides approval of acceptance of honoraria or consultation engagements;

B. Individuals may not do private consulting work for a vendor who conducts business with the medical group, or who wants to conduct business with the medical group, unless the Administrative Director provides prior approval for the activity. Take PTO when providing the consulting work during regularly scheduled work hours.

- C. This policy does not intend to prohibit the development of good and ethical relationships between representatives of CHLAMG and its business partners.
- D. To ensure compliance with this policy and avoid even the appearance of impropriety, both parties should equally share the expenses for multiple social outings with the same individual.
- E. The intent of this policy is to communicate the CHLAMG's ethical standards regarding gifts, gratuities, and business courtesies.
- F. Although this single policy cannot reasonably address all possible instances of gratuities and courtesies CHLAMG requires staff to abide by the letter and the spirit of these guidelines.
- G. Staff should direct questions regarding the appropriateness of any gift, gratuity or business courtesy to the Department/Division Head, Chief Financial Officer, or the Compliance Director.

Related Policies: Code of Ethics; Conflict of Interest Policies; Professional Courtesy Discounts Policy