

MAGEE
REHABILITATION
HOSPITAL

**CONFLICT OF INTEREST
AND CONFIDENTIALITY POLICY**

I. Scope of the Policy.

This Conflict of Interest and Confidentiality Policy (“Policy”) applies to the Trustees, Officers, Board Committee Members and Senior Executives, or persons with control or substantive influence over the organization (collectively, “Representatives”) of Magee Rehabilitation Hospital (“Magee”).

II. Purpose of Policy.

This Policy is intended to ensure that Representatives of Magee discharge their fiduciary responsibilities to Magee in strict compliance with the Pennsylvania Nonprofit Corporation Law, the Internal Revenue Code (“IRC”), and all applicable laws and regulations, and in accordance with the highest ethical standards. This Policy shall serve:

(i) to help Representatives identify, avoid and/or resolve ethical, financial, legal or other conflicts of interest with Magee, and to promote full disclosure of potential conflicts of interest (Magee Independence Standards are defined in Attachment “A”);

(ii) to prohibit Representatives with conflicts from participating in or influencing any Magee decisions involving the interest;

(iii) to encourage Representatives to arrange their personal, professional and financial activities and interests outside Magee so as to avoid real or potential conflicts of interest with Magee and excess benefit transactions;

(iv) to require Representatives to maintain the confidentiality of all proprietary and other sensitive information pertaining to Magee; and

(v) to ensure that Representatives at all times act in accordance with the best interests of Magee.

III. Identification and Disclosure of Actual or Perceived Conflicts of Interests.

A Conflict of Interest may arise whenever a Representative has, or appears to have, the opportunity to influence the decision-making of Magee in ways that could lead to personal, professional or financial gain or advantage and/or might benefit the private interest of the Representative or in a possible excess benefit transaction, whether direct or indirect, or when external activities, interests or commitments burden or interfere in any way with the Representative’s duty of loyalty and other fiduciary obligations to Magee. The standards and examples set forth in Attachment “B” provide guidance in identifying areas where conflicts of interest might exist in certain situations. Representatives are expected to exercise prudent personal judgment to meet the letter and spirit of this Policy and to avoid even the appearance of a conflict.

Questions regarding potential conflicts of interest may be addressed to the Magee Chief Compliance Officer.

A. Annual Disclosure.

Each Representative of Magee shall submit a completed Conflict of Interest Disclosure and Confidentiality Statement (“Disclosure Statement”) in the form attached hereto as Attachment “C”, disclosing any conflict or potential conflict of interest. Such Disclosure Statements shall be made upon the Representative’s appointment or election and thereafter on an annual basis at the beginning of Magee’s fiscal year. The Magee Chief Compliance Officer will review the completed Disclosure Statements and report to the Board. The Audit Committee of the Board will review the completed Disclosure Statement of the Magee Chief Compliance Officer and report any relevant information to the Board.

B. Interim Disclosure.

The duty to disclose conflicts of interest is a continuing one. If any Representative is involved in or becomes aware of any transaction or situation which results or could result in a conflict, or an appearance of a conflict, of interest, the Representative shall promptly submit a complete written description of such transaction or situation to the President and the Chairman of the Board of Magee.

C. Reports of Apparent Conflicts, Unethical Conduct.

If at any time a Representative becomes aware of any apparent violation of this Policy, including the standards of conduct or other apparent unethical conduct, such person should report it to the Magee Chief Compliance Officer. The identity of the Representative making such report under this subsection shall remain confidential.

IV. Evaluation and Resolution of Conflicts.

A. The Chairman of the Board and the President of Magee shall be responsible for monitoring the conduct of and disclosure by Representatives and shall identify, address and/or resolve actual or potential conflicts in consultation with the Magee Chief Compliance Officer. If deemed necessary or advisable, individual cases may be referred to the full Board or a committee thereof for resolution.

B. Whenever any matter comes before the Board or a committee thereof during a meeting, conflicts or potential conflicts of interest, even if previously disclosed, should again be disclosed.

The Representative affected should not be counted as present in determining a quorum for the matter to be voted upon, and should not participate in the discussions, except to correct any misunderstanding of the facts or answer pertinent questions. After answering questions, the Representative shall withdraw from the meeting until the matter has been acted upon.

The minutes of the Magee Board or the relevant committee shall include: 1) the names of the Representative(s) who disclosed or were otherwise found to have an actual or possible conflict of interest; 2) the nature of such potential conflict of interest, how it was disclosed and the action taken to determine whether a conflict of interest was present; 3) that a quorum was present without counting the Representative affected and that the Representative affected withdrew him/herself from the meeting until the matter was concluded; 4) the names of the persons who were present for discussion and vote relating to the transaction or arrangement; 5) the Board's or committee's decision as to whether a conflict of interest in fact existed; 6) the content of the discussion, including any alternatives to the proposed transaction or arrangement; and 7) a record of the vote.

C. If the Board or the relevant committee has reasonable cause to believe that a Representative has failed to disclose actual or possible conflicts of interest, it shall inform the Representative of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose. If, after hearing the Representative's response and making further investigation as warranted by the circumstances, the Board or committee determines that the Representative has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

V. Periodic Reviews.

To ensure that Magee continues to operate in a manner consistent with its charitable purposes and does not engage in any activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The scope of these reviews shall include whether Representatives' compensation arrangements and benefits are reasonable based on competent survey information and the results of arm's length bargaining.

Magee may, but need not, use outside experts and advisors to conduct periodic outside reviews, as necessary. Use of such outside experts and advisors shall not relieve the Board or relevant committee of its responsibility for ensuring periodic reviews are conducted.

VI. Certification.

Representatives shall certify (i) that they have received, read and understand, and agree to comply with, this Policy and the conflict/duality of interest policies of Magee as described in Question 1 of the Magee Disclosure Statement and, (ii) that they understand that Magee is a charitable organization and in order to maintain its federal tax exemption status it must engage primarily in activities which accomplish one or more of its exempt purposes, and (iii) their commitment to maintain the confidentiality of the affairs of Magee by annually completing the Disclosure Statement attached hereto as Attachment "C."

VII. Confidentiality.

Representatives shall confirm their commitment to maintain the confidentiality of the affairs of Magee by annually completing the Disclosure Statement, attached hereto as Attachment "C."

ATTACHMENT "A"

INDEPENDENCE STANDARDS

A member of the Magee Rehabilitation Hospital ("Magee") Board of Trustees or a Committee thereof, or an Officer or Senior Executive of Magee ("Member") shall be considered "Independent" if neither:

- (i) the Member;
- (ii) any of his /her Family Members;
- (iii) any entity in which the Member, or any Family Member is or has during Magee's current fiscal year or two prior fiscal years, been an owner, individually or collectively with other Magee officers, directors, trustees, Key Employees and/or their Family Members, of more than 35% of the Ownership Interests in such entity;
- (iv) any entity (other than a 501 (c)(3) tax-exempt organization or a government unit or instrumentality) in which the Member is, or has, during Magee's current fiscal year or two prior fiscal years, been an officer, director, trustee, or Key Employee;
- (v) any professional corporation or entity treated as a partnership in which the Member and/or Family Member, individually or collectively, holds or has during Magee's current fiscal year or two prior fiscal years, held, Ownership Interests in excess of 5%; nor
- (vi) at any time during Magee's current fiscal year has:
 1. been employed or is employed by Magee or a Magee subsidiary;
 2. received or is receiving any payments, grants or assistance (including but not limited to, awards, prizes, cash allocations, stipends or other similar payments or distributions), loans, fees or other economic benefits from Magee or a Magee subsidiary; or
 3. made or is making any payments to Magee or a Magee subsidiary, excluding any charitable contributions or payments for healthcare services.

"Family Member" means spouse, parents or grandparents, brothers or sisters (whole or half-blood), children (natural or adopted), grandchildren, great grandchildren, and the spouses of such brothers, sisters, children, grandchildren and great grandchildren.

"Key Employee" means senior executive, person with control or substantial influence over the organization or an employee of an organization who meets all three of the following tests:

1. Receives reportable compensation from the organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization's tax year.

2. The employee:
 - a. has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors or trustees;
 - b. manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income or expenses of the organization, as compared to the organization as a whole; or
 - c. has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget or compensation for employees.
3. Is one of the 20 employees with the highest reportable compensation from the organization and all related organizations for the calendar year ending with or within the organization's tax year.

“Ownership Interests” are measured by the greater of voting shares or stock value in a corporation or profit interests or capital interests in an entity treated as a partnership, by a beneficial interest in a trust or control of a non-profit organization. Ownership interests include indirect ownership interests (e.g. ownership in an entity that has ownership in the entity doing business with Magee); there may be ownership through interests in an entity through multiple tiers of entities.

ATTACHMENT “B”

ETHICAL STANDARDS OF CONDUCT AND EXAMPLES OF CONFLICTS OF INTEREST

A. Outside Employment, Professional and Business Interests.

Serving as a director, trustee, officer, employee, partner or consultant, or having a personal, professional, financial, ownership or other beneficial interest (“Interest”), in an interrelated corporation, partnership, firm, enterprise or other organization, including a healthcare provider (an “Outside Organization”), which competes with Magee or has an existing, contemplated or potential business relationship with Magee, is usually construed to be a conflict of interest that is subject to the disclosure and resolution processes of the Policy.

- Representatives should endeavor to arrange their activities and interests outside Magee to avoid (i) real or potential conflicts of interest with Magee as well as (ii) external commitments that would materially divert their time, interest or talents from Magee.
- Magee shall not retain the services of an Outside Organization in which a Representative or his/her family member has an Interest unless the disclosure and resolution processes of this Policy establish a method for avoidance or resolution of the conflict. “Family member” shall mean a spouse, parent, grandparent, sibling (whether whole or half-blood), child (whether natural or adopted), grandchild, great grandchild, and the spouse of a brother, sister, child, grandchild, and great grandchild.
- No Representative shall solicit the business of Magee, or any officer or employee of Magee, for any Outside Organization in which a family member has an Interest.
- No Representative may sit on a committee which has the authority to award or recommend the awarding of business to his/her (or to his/her family member’s) Outside Organization, unless the Representative declares that such Outside Organization is not eligible to receive the business or the disclosure and resolution processes establish a method for avoidance or resolution of the conflict.

B. Gifts and Favors.

- No Representative shall seek, solicit or accept any compensation, gift, gratuity, entertainment, hospitality or other favor from any person or Outside Organization which might influence, or appear to influence, such Representative’s decision-making on actions affecting Magee. Some modest gifts and entertainment, such as an occasional local sports event, concert, golf outing, lunch or dinner, or the acceptance of promotional material of modest value, such as pens, mugs, calendars,

or tote bags, are permissible. Money should never be accepted regardless of how small the amount.

- No Representative shall seek, solicit or accept gifts, entertainment, special favors or other considerations for themselves or a third party in return for business or services from Magee.

C. Use and Disclosure of Confidential Information.

No Representative may exploit corporate opportunities or use inside information for personal, professional or financial gain or to compete with Magee, or to obtain private or secret profit as a result of his/her official position.

Representatives shall refrain from using or disclosing any confidential information about the activities of Magee for the benefit of themselves, family members or any Outside Organization, except as expressly authorized.

D. Relationship with Magee.

No Representative shall act as an agent of Magee or represent that he/she is an agent of Magee unless specifically authorized to do so.

- No Representative shall publicly use his/her affiliation with Magee or use Magee's name, property or facilities in connection with the promotion of partisan politics, personal political activities or issues not in conformity with a position taken by Magee.

E. Prohibition on Participation and Voting.

No Representative may participate in the discussion regarding any matter in which he or she has an Interest, or the appearance of an Interest (including but not limited to the Representative's compensation), requiring disclosure, nor shall such Representative be permitted to vote thereon.

F. Excess Benefit Transaction.

- No Representative may engage, directly or indirectly, in an excess benefit transaction with Magee. An excess benefit transaction is a transaction in which the economic benefit received by a tax exempt organization is less than the consideration given (including services) to the organization in return for such benefit.

ATTACHMENT “C”

Magee Rehabilitation Hospital Conflict of Interest Disclosure and Confidentiality Statement Fiscal Year 2017 (7/1/16 – 6/30/17)

INTRODUCTION

The attached Conflict of Interest and Confidentiality Policy (“Policy”) requires the annual disclosure of conflicts or potential conflicts of interest by the Trustees, Officers, Board Committee Members, and Senior Executives of Magee Rehabilitation Hospital (“Magee”) and any other person with control or substantial influence over the organization. This Statement is intended to assist in identifying and disclosing such conflicts, potential conflicts and relationships among Key Representatives as well as to meet the Policy’s requirement of an annual confidentiality commitment. It is also intended to assist in determining which Trustees are Independent (as defined in Magee’s Independence Standards, set forth in Attachment “A” to the Policy) and in confirming that all Audit Committee Members are Independent.

DEFINITIONS

Business Relationship:

Consists of any of the following.

1. One person (an individual or an entity) is employed by the other directly, in a sole proprietorship or by an organization with which the other is associated as a Key Representative or greater-than- 35% owner.
2. One person (an individual or an entity) is transacting business or will potentially transact business with the other, directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued over \$10,000 in aggregate during the Magee tax year. Indirect transactions include transactions with an entity in which one individual is a trustee, director, officer, key employee, or greater-than-35% owner.
3. Two persons (an individual or an entity) are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity.

Compensation: Consists of direct and indirect remuneration as well as gifts, gratuities, entertainment, refreshments or meals not solely for a business purpose, travel, lodging, services, favors or any other item of value that is not insubstantial.

Competitive Organization: An organization that has no corporate relationship to Magee, but is, or has the potential to be a competitor to Magee.

Confidential Information: Consists of business strategies, patient information, contract terms and rates of payment with payers, terms of other contracts, matters subject to confidentiality or non-disclosure agreements, peer review records, financial data, clinical information, medical records, strategic and business plans, computer programs, market research, market plans,

documents, and all other information kept as part of normal operations. “Confidential Information” does not include information that would otherwise be publicly available.

Conflict of Interest: As defined and described in Section III of the attached Policy.

Family Member: A spouse, parent, grandparent, sibling (whether whole or half-blood), child (whether natural or adopted), grandchild, great grandchild, and the spouse of a brother, sister, child, grandchild, and great grandchild.

Fiscal Year: The fiscal year identified in the title of this form.

Key Representative: A trustee, director, officer, board committee member, senior executive, person with control or substantial influence over the organization (e.g., a physician who makes a substantial amount of referrals to the organization) or an employee of an organization who meets all three of the following tests:

1. Receives reportable compensation from the organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization’s tax year.
2. The employee:
 - a. has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors or trustees;
 - b. manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income or expenses of the organization, as compared to the organization as a whole; or
 - c. has or shares authority to control or determine 10% or more of the organization’s capital expenditures, operating budget or compensation for employees.
3. Is one of the 20 employees with the highest reportable compensation from the organization and all related organizations for the calendar year ending with or within the organization’s tax year.

Ownership Interest: Shares of stock, profit, capital or beneficial interests or control. Ownership Interests are measured by the greater of voting shares or stock value in a corporation, profit interests or capital interests in a partnership or limited liability company, by a beneficial interest in a trust or control of a non-profit organization and indirect ownership interest in an entity is through multiple tiers of entities.

Magee Rehabilitation Hospital
CONFLICT OF INTEREST DISCLOSURES
FISCAL YEAR 2017
(7/1/16 - 6/30/17)

**IF THIS IS THE FIRST TIME YOU PROVIDED A DISCLOSURE STATEMENT FOR MAGEE, OR YOU DID NOT COMPLETE A STATEMENT LAST FISCAL YEAR, PLEASE RESPOND TO THE QUESTIONS WITH THE PRIOR TWO FISCAL YEARS IN MIND.*

1. Name:

Occupation and Employer:

Position(s) with Magee during Fiscal Year:

2. Any Compensation I received from Magee during the Fiscal Year* (including loans) is as described below (check all that apply):

None

Employee compensation in the form of salary and benefits.

Expense reimbursement(s) approved in accordance with applicable Magee policies/procedures.

Other (please specify):

3. Currently or at any time during the Fiscal Year* have you, a Family Member or any entity in which you or a Family Member was a Key Representative, any entity (other than a professional corporation or an entity treated as a partnership) in which you or a Family Member, individually or collectively with other Key Representatives or their Family Members, held an Ownership Interest of greater than 35%, or any professional corporation or an entity treated as a partnership in which you or a Family Member had an Ownership Interest, engaged in a Business Relationship with Magee (other than disclosed in response to Question No. 2, or as a patient for health care services from Magee as available to the general public)?

No Yes

(If "Yes" provide a statement that identifies the individuals and explains the relationships).

4. Currently or at any time during the Fiscal Year,* have: you or a Family Member, or any entity in which you or a Family Member was a Key Representative, or any entity (other than a professional corporation or an entity treated as a partnership) in which you or a Family Member,

individually or collectively, with other Key Representatives or their Family Members, held an Ownership Interest of greater than 35%, or any professional corporation or an entity treated as a partnership in which you or a Family Member, have an Ownership Interest in:

(a) (or employed by) Baker Tilly Virchow Krause LLP? No Yes

(b) Received any payments (including but not limited to expense reimbursement), grants, other assistance, and other Compensation from Magee (other than disclosed in response to Questions Nos. 2 or 3, or Compensation for receipt of health care services from Magee on terms available to the general public)? No Yes

(c) Made any payments to Magee (excluding any charitable contributions or payments for health care services)? No Yes

(d) Owned any bonds or debt issued by Magee? No Yes

If any answer is “Yes”, provide a detailed explanation in the space below:

5. (a) Currently or at any time during the Fiscal Year,* did you or a Family Member have an actual or potential Ownership Interest of greater than 5% in a Competitive Organization?

No Yes (If “Yes,” as follows):

(b) Currently or at any time during the Fiscal Year,* did you or any Family Member serve as a Key Representative of, or have a Business Relationship with, a Competitive Organization (other than a Business Relationship consisting of the receipt of health care services from the Competitive Organization on terms available to the general public)?

No Yes (If “Yes,” as follows):

(c) Currently or at any time during the Fiscal Year,* were you a Family Member of, or did you engage in a Business Relationship with any other Key Representative? For purposes of this

question, a “Business Relationship” does not include a relationship of (1) attorney and client, (2) medical professional (including psychologist) and patient, or (3) clergy and communicant.

No Yes (If “Yes,” as follows):

--

6. During the Fiscal Year have you been employed (including self-employment) in a position outside Magee that may constitute a conflict of interest or potentially be viewed as a conflict of interest?

No Yes (If “Yes,” as follows):

--

7. (a) Disclosure for IRS Form 990 Fiscal Year Ended June 30, 2017, Part V-A Current Officers, Directors, Trustees, and Key Employees: Are you related, through Family Members or Business Relationships, to any officers, directors, trustees, or key employees of Magee?

No Yes (If “Yes,” attach a statement that identifies the individuals and explains the relationships).

--

(b) Are you related, through Family or Business Relationships, to any of the following highest compensated vendors, professionals and independent contractors listed below?

No Yes (If “Yes,” attach a statement that identifies the individuals and explains the relationships).

--

TORCON, INC 1 Crescent Dr #302, Philadelphia, PA 19112	Construction Management
EPLUS TECHNOLOGY 130 Futura Dr, Pottstown, PA 19464	Information Technology
CHARLES MATSINGER ASSOCIATE 399 Market St #200 Philadelphia, PA 19106	Architect
BROOKSIDE CLINICAL LAB INC 4000 Edgmont Ave, Brookhaven, PA 19015	Clinical Labs
U.S. FOODS 9399 West Higgins Road Suite 500 Rosemont, IL 60018	Food Services Distributor
PROTOCOLL 1500 John F. Kennedy Boulevard, Suite 770 Philadelphia, PA 19102	Staffing Agency
OWENS & MINOR INC 9120 Lockwood Boulevard Mechanicsville, VA 23116	Healthcare Operations and Solutions
DICKINSON SQUARE ASSOC LP 969 North 2nd St Philadelphia PA 19123-0	Real Estate/Property Management
SIEMENS INDUSTRY, INC. 2000 Crawford Pl # 300, Mt Laurel, NJ 08054	Systems for power generation, transmission and medical diagnosis
CLEAN TECH OF PHILADELPHIA Conshohocken, PA	Janitorial Services
OTIS ELEVATOR COMPANY 30 Twosome Dr. Suite 4 Moorestown, NJ 08057	Manufacturing, Maintenance and Installation of Elevators
DUPUY CONSTRUCTION SERVICES 25 South Main Street # 5, Yardley PA, 19067	Commercial Construction
STRYKER MEDICAL 2825 Airview Boulevard Kalamazoo, MI 49002 USA	Medical Equipment and Devices
KEYSTONE QUALITY TRANSPORT 1260 E Woodland Ave Springfield, PA 19064	Ambulance Company
BIONESS, INC. 25103 Rye Canyon Loop Valencia, CA 91355	Medical Devices

8. For purposes of Director and Officer Insurance Coverage, do you serve on any “for profit” board(s) of directors or similar governing bodies (e.g., Board of Managers of an LLC or LLP)?

If so, please disclose the name of each board or similar governing body.

No Yes

(If “Yes,” as follows):

--

**Magee Rehabilitation Hospital
CONFLICT OF INTEREST DISCLOSURE
AND CONFIDENTIALITY CERTIFICATION**

I certify that I have received, read and understand the attached Magee Conflict of Interest and Confidentiality Policy and I understand that Magee is an IRC nonprofit, Section 501(c)(3) charitable organization. I understand that for Magee to maintain such tax exemption it must continue to be organized and operated in a manner that is consistent with its tax-exempt purpose(s) and must engage primarily in activities which accomplish one or more of its tax-exempt purpose(s).

I understand that, in carrying out my official capacity, I had and will have access to Confidential Information. I agree to keep confidential, during and after my service to Magee, all Confidential Information pertaining to Magee. I further agree not to use or disclose such Confidential Information unless specifically authorized to do so in writing by the Magee Board or a Board-delegated committee of Magee. I understand that I may be asked to resign if I violate my confidentiality obligations, without limiting any other rights or remedies that Magee may have against me.

If during the Fiscal Year, a firm in which I am a partner, officer or owner provided goods or services to Magee, I have fully disclosed same above in response hereto, and hereby confirm that the amounts billed for such services did not exceed the customary or prevailing rates for such services.

I certify that the information provided on this form (including any attachments hereto) is complete, accurate and to the best of my knowledge, and any and all actual and potential Conflicts of Interest are disclosed herein.

I agree to inform Magee promptly of any situation that would materially change my responses contained herein and agree to otherwise comply with Section III. B. of the Policy.

Name:

Signature:
&
Date Stamp:

Originating Source	Magee Compliance Program (formerly Jefferson Health System Corporate Compliance Program)
Effective Date	May 17, 2000
Current Revision Source	Magee Compliance Office
Review / Revise Date	2/01, 6/02, 8/04, 3/06, 6/07, 5/08, 5/09, 8/09, 9/10, 8/11, 08/2012, 08/2013, 08/2014, 08/2015, 8/2016, 9/2017

