

BETTER HEALTH FOR NORTHEAST NEW YORK, INC.

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION POLICY

Adopted by the Board of Directors on February 2nd, 2017

A. Purpose

All directors, officers, committee members and staff of Better Health for Northeast New York, Inc. (the "Corporation") owe a duty of loyalty to the Corporation. All persons serving in those roles must act in the best interests of the Corporation, rather than in their own interests or the interests of another organization, and in compliance with applicable federal and state laws. The purpose of this Conflict of Interest and Related Party Transaction Policy is to set forth a procedure for monitoring, reporting, reviewing, approving and overseeing conflicts of interest and related party transactions. It is intended to supplement, but not replace, state and federal laws governing conflicts of interest applicable to not-for-profit organizations in New York State and sets forth a minimum standard to require that the best interests of the Corporation are served and to prevent improper personal gain by individuals holding a position of influence or improper gain by another organization. All terms not defined herein shall have the meanings ascribed to them in the By-Laws of the Corporation ("By-Laws").

B. Definitions

1. **Affiliate.** An Affiliate shall be a person or entity that is directly or indirectly, through one or more intermediaries, controlled by or in control of the Corporation. For purposes of this definition, the term control means the possession of the power to direct or cause the direction of the management and policies of the Corporation. For purposes of this Policy, Partner Organizations are not Affiliates of the Corporation, with the exception of Albany Medical Center Hospital which is a member of the Corporation.

2. **Board.** The Corporation's Board of Directors shall be the "Board" under this policy.

3. **Compliance Officer.** Compliance Officer means the BHNNY Compliance Officer.

4. **Conflict of Interest.** A Conflict of Interest may exist whenever an Interested Person owes a fiduciary or contractual duty to more than one person or organization that is inconsistent with the interests of the Corporation, or when the personal or Financial Interests or concerns of an Interested Person or a Relative of an Interested Person are potentially inconsistent with, or divergent from, the interests of the

Corporation, or if not inconsistent, could impact such personal or Financial Interests or concerns, except that it shall not be a Conflict of Interest if the arrangement or transaction: (i) is between the Corporation and all Partner Organizations, or a group of Partner Organizations, for purposes of carrying out a DSRIP Project and the transaction or arrangement is available to all Partner Organizations performing the same Project role on the same terms; or (ii) is an arrangement or agreement for services and such services will be provided to the Corporation at the cost to the entity providing the services; or (iii) is for the benefit of the Corporation and does not provide a financial gain or incentive to the other party entering into the transaction; or (iv) is a type that the Board would not review in the ordinary course of business and is available to other persons or organizations on the same or similar terms.

5. **DSRIP Project.** DSRIP Project means a project carried out by the Corporation to transform the delivery of care in connection with the Corporation's Delivery System Reform Incentive Payment Program ("DSRIP") project plan.

6. **Financial Interest.** An Interested Person or Relative of an Interested Person has a Financial Interest if the person, directly or indirectly, has:

a. An ownership or beneficial interest in any corporation or entity with which the Corporation has a transaction or arrangement or with which the Corporation is negotiating a transaction or arrangement; or

b. An employment or contractual relationship or a position on the governing body of an entity with which the Corporation is negotiating or engaging in a transaction or arrangement; or

c. Any compensation arrangement from which such person receives a financial benefit or other form of remuneration or incentive based upon a transaction or arrangement involving the Corporation or an Affiliate of the Corporation. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Any financial interest in an arrangement or transaction held by an Interested Person or Relative of an Interested Person that is *de minimis* shall not be deemed a Financial Interest for purposes of this Policy.

7. **Interested Person.** Interested Person means the directors, officers, committee members and Key Persons of the Corporation or an Affiliate of the Corporation.

8. **Key Person.** Key Person means any person other than a director or officer, whether or not an employee of the Corporation, who: (i) has responsibilities, or exercise powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or (iii) alone or with others

controls or determines a substantial portion of the Corporation's capital expenditures or operating budget.

9. **Partner Organization.** Partner Organization means an organization that has signed a Partner Organization Agreement with the Corporation to participate in the BHNNY Performing Provider System.

10. **Related Party.** A Related Party is: (i) any Interested Person or person who exercises the power of an Interested Person over the affairs of the Corporation or an Affiliate; (ii) any Relative of an Interested Person; or (iii) any entity in which any individual described in the foregoing clauses has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

11. **Related Party Transaction.** A Related Party Transaction is any transaction, agreement or other arrangement in which a Related Party has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is a participant, except that transactions and arrangements that are not deemed a Conflict of Interest under the definition of Conflict of Interest in Section B(5) above shall also not be a Related Party Transaction and shall not require review as such.

12. **Relative.** A Relative is any individual who has one of the following relationships with an Interested Person: spouse or domestic partner, ancestor, child (whether natural or adopted), grandchild, or great-grandchild, sibling (whether whole or half-blood), spouse of a child (whether natural or adopted), grandchild, great-grandchild or sibling (whether whole or half-blood).

C. Conflicts of Interest

Generally speaking, a Conflict of Interest may exist whenever an Interested Person or the Relative of an Interested Person: (i) owes a fiduciary or contractual duty to more than one person or organization that is inconsistent with the interests of the Corporation; or (ii) when the personal or Financial Interests or concerns of an Interested Person or the Relative of an Interested Person are potentially inconsistent with, or divergent from, the interests of the Corporation, or if not inconsistent, could impact such personal or Financial Interests or concerns. A transaction or arrangement shall not be deemed to be a Conflict of Interest if it meets any of the exceptions stated in the definition of Conflict of Interest set forth in Section B(5) above.

Specific Examples

The following is a list of examples of situations that would be deemed to present a Conflict of Interest for an Interested Person. The list is not meant to be exhaustive.

1. A direct or indirect interest in a transaction, agreement or any other arrangement in which the Corporation or any Affiliate has an interest. As discussed above, this will include consideration and corporate action regarding specific payment(s)

or specific amount(s) to Partner Organization(s) for any Related Party with a Financial Interest in such Partner Organization;

2. Situations in which the Interested Person has the ability to use his or her position in the Corporation, or information or asset of the Corporation, to his or her advantage or for an improper purpose;

3. Situations in which the Interested Person acquires property or other rights in which the Corporation has, or is likely to have, an interest;

4. Situations in which an opportunity is available to both the Corporation and to the Interested Person, unless the Board makes an informed decision that the Corporation will not pursue the opportunity; and

5. Any other act or instance that may in fact or in appearance, make it difficult for the Interested Person to act objectively.

D. Conflict of Interest and Related Party Transaction Questionnaire

Each Interested Person shall complete the attached Conflict of Interest Questionnaire (“Questionnaire”) and submit it to the Compliance Officer. The Questionnaire shall be completed upon an individual’s appointment or election as a member of the Board, and by all Interested Persons at least annually. The Compliance Officer shall furnish copies of all completed questionnaires to the Finance Committee and to the Chairperson of the Board.

E. Procedures for Addressing Conflicts of Interest

1. An Interested Person must notify the Compliance Officer or Board of any Conflict of Interest that exists with respect to such person and shall recuse himself or herself from all participation in deliberation and voting regarding any transaction or arrangement which poses a Conflict of Interest for that Interested Person. All such Conflicts of Interest shall be reported to the Audit and Compliance Committee and to the Board. If authorized by the Board, the Audit and Compliance Committee may determine whether to approve an arrangement or transaction which poses a Conflict of Interest, or the Committee may make a recommendation to the Board.

At the invitation or request of the Audit and Compliance Committee or the Board, an Interested Person may discuss and present further information about the arrangement or transaction involving a possible Conflict of Interest at any meeting prior to deliberations and a vote about the transaction or arrangement. The Interested Person shall leave the meeting during the deliberation and the vote on any such transaction or arrangement. The Interested Person may count towards a quorum for the Committee or the Board meeting at which the arrangement or transaction is considered.

2. An Interested Person is prohibited from attempting to improperly influence any Board or Audit and Compliance Committee deliberation or voting related to the transaction or arrangement involving the possible Conflict of Interest.

3. The existence and resolution of a Conflict of Interest shall be documented in the minutes of all meetings at which the conflict is discussed or voted upon. If the transaction or arrangement involving a possible Conflict of Interest constitutes a Related Party Transaction, then it must be approved in accordance with the procedures set forth in a Section F of this Policy entitled "Related Party Transactions."

F. Related Party Transactions

1. Any Interested Person with any Financial Interest in a Related Party Transaction shall make a good faith disclosure of all material facts related to such personal or Financial Interest to the Compliance Officer who shall disclose all such information to the Board. The Board shall review all the material facts related to the proposed Related Party Transaction and request any additional information that it deems necessary to complete such review.

2. The Board shall first review the proposed Related Party Transaction to determine whether the Related Party's personal or Financial Interest in the transaction or arrangement is substantial. If the Board determines that the Related Party's personal or Financial Interest in the proposed Related Party Transaction is not substantial, then the Board may approve the proposed Related Party Transaction, if it determines that the transaction is fair, reasonable and in the best interests of the Corporation. If the Board determines that the Related Party's personal or Financial Interest in the proposed Related Party Transaction is substantial, then the Board shall undertake the review set forth in Section F(3) of this Policy.

3. For any proposed Related Party Transaction in which a Related Party's personal or Financial Interest is substantial, the Board shall consider alternative transactions to the proposed Related Party Transaction to the extent any alternative transactions are available. The Board may rely on other committees, individuals or third parties in conducting its analysis regarding potential alternatives. Following its review of the proposed Related Party Transaction and any available alternative transactions, if a majority of disinterested members of the Board determines that the proposed Related Party Transaction is fair, reasonable and in the best interests of the Corporation, then it may authorize the proposed Related Party Transaction.

4. The Board shall document in the minutes of the meeting at which such determination is made: (i) the basis for its determination that the proposed Related Party Transaction is fair, reasonable and in the best interests of the Corporation; (ii) any information relied upon in making this determination, including for example market value information and alternative bids; and (iii) any alternative transactions that were considered when making this determination.

5. The Corporation shall not enter into a Related Party Transaction unless it is approved in accordance with this Policy.

G. Violations of the Conflict of Interest and Related Party Transaction Policy

1. If the Board or the Finance Committee has reasonable cause to believe that an Interested Person has failed to disclose actual or possible Conflicts of Interest, it shall inform the Interested Person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.

2. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines that the Interested Person has intentionally failed to disclose an actual or possible Conflict of Interest, the Board shall take appropriate disciplinary and corrective action.

H. Records of Proceedings

The minutes of any Board meeting at which a Related Party transaction is discussed shall be based on contemporaneous notes of the meeting and shall contain:

1. 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 personal or Financial Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's decision as to whether a Conflict of Interest in fact existed.

2. 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 with the proceedings.

I. Compensation

With respect to any member of the Board or any committee who receives compensation, directly or indirectly, from the Corporation or an Affiliate for services: (i) such person shall not participate in any deliberations or voting related to such person's compensation; and (ii) notwithstanding the same, such person shall not be prohibited from participating in any Board or committee activities regarding the compensation of other individuals.

BETTER HEALTH FOR NORTHEAST NEW YORK, INC.

Director's Initial/Annual Conflict of Interest Statement

In accordance with the Conflict of Interest and Related Transactions Policy (the "Policy") of Better Health for Northeast New York, Inc. (the "Corporation"), the undersigned Director or Key Person of the Corporation hereby:

- (1) Identifies that I am an officer, director, member, owner, or employee of the following entities with which the Corporation has a financial relationship:

- (2) Identifies that I may have a Conflict of Interest with and/or a Financial Interest in the following transactions or arrangements in which the Corporation is a participant:

- (3) Affirms:
 - a. I have received a copy of the Policy;
 - b. I have read and understand the Policy;
 - c. I agree to comply with the Policy; and
 - d. I understand the Corporation is a tax-exempt entity, and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Name (print)

Signature

Date: _____