I. POLICY STATEMENT

This Conflict of Interest and Related Party Transactions Policy is part of Advantage Care Health Center’s (the “Center”) compliance program. The Center requires its Members of the Board of Directors, officers, employees, and volunteers serving on any advisory boards or stewardship committees relating to any entity associated with the Center or its affiliates and staff who supervises at least one other person (“supervisory staff”) (collectively the “Covered Group”) to avoid any conflict of interest or the appearance of a conflict of interest and comply with all applicable legal requirements, including but not limited to, the requirements concerning Related Party Transactions.

The Covered Group must, at all times, act fairly, reasonably and in Center’s best interests, and must refrain from personal considerations of any kind that conflict with, or that give rise to, or appear to give rise to, an actual or potential conflict of interest between the Covered Group Member’s interest and the best interests of Center or its service recipients. Center strives to avoid conflicts of interest, or the appearance thereof, in its relationships with others.

It is expected that the Covered Group read, understand and comply with this Policy. Failure to comply with this policy may constitute grounds for removal of the individual from his or her position or for other appropriate disciplinary action (subject to any applicable collective bargaining agreements).

This policy supplements but does not replace any applicable state laws governing conflict of interest. This policy is intended to ensure fair and ethical behavior in connection with our transactions.

There are a number of key words and phrases used throughout this Policy. For your convenience, they are defined in the Appendix that may be found at the end of this document.

II. OVERSIGHT OF THIS POLICY

The adoption, implementation of and compliance with this Policy shall be overseen by the designated Compliance Committee. The Compliance Committee may, in its discretion, authorize certain functions relating to the implementation of, and compliance with, this Policy to be performed by one or more authorized individuals, but the Compliance Committee shall, at all times, retain overall responsibility for all aspects of the oversight of this Policy.

III. PROCEDURES FOR DISCLOSURE AND REVIEW
1. **How and When to Disclose**

A. **Annual Written Conflict of Interest Disclosure Statement.** The Covered Group will, at least annually, file a written Conflict of Interest Disclosure Statement with the designated Compliance Officer / designee. The Compliance Officer / designee will collect such Statements and will provide copies of all completed Statements to the Compliance Committee and may also provide other relevant documents or information relating to the Statements. The Compliance Officer / designee will maintain a record of all such Statements.

The Conflict of Interest Disclosure Statements will ask the Covered Group member to identify, to the best of their knowledge, at least the following: (a) any entity of which the member of the Covered Group is a director, trustee, member, owner, officer or employee, and with which Center has a relationship, and (b) any transaction in which Center is, or is contemplating becoming, a participant and in which the Covered Group member has a Disclosable Conflict of Interest.

B. **Continuing Obligation to Update Conflict of Interest Disclosure Statement.** Each member of the Covered Group has an affirmative obligation to update their annual written Conflict of Interest Disclosure Statement whenever there are new or changed facts or circumstances that create a Disclosable Conflict of Interest. All updates to the annual Conflict of Interest Disclosure Statement are to be filed with Center’s Compliance Officer/designee. All disclosures must be made in writing on a “Potential Conflict of Interest Disclosure Form”, which is available on the “Connects” or can be requested from the Compliance Officer. The Compliance Officer/designee will collect such updates and will provide copies thereof to the Compliance Committee. The Compliance Officer may also provide to the Compliance Committee other relevant documents and information relating to any matter(s) that are believed to present a Disclosable Conflict of Interest. The Compliance Officer will also maintain a record of all such updates.

C. **New Employees.**

New employees who supervise at least one other staff person at the time of hire, will be required to disclose any other employment, independent consulting assignment, family relationship to the Center’s employee, or other potential conflict of interest. The “Potential Conflict of Interest Disclosure Form” will be provided to the employee by the Human Resources Department and must be completed and submitted with all other pre-employment paperwork.

D. **Prior to the Initial Election of A Director.** Prior to the initial election of any Director the individual proposed for a Director position shall complete, sign and submit to the
designated Compliance Officer a written Conflict of Interest Disclosure Statement identifying, to the best of the proposed Director’s knowledge, any entity of which he or she is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which Center has a relationship, and any transaction in which Center is a participant and in which the proposed Director might have a Disclosable Conflict of Interest. All such Statements will be filed with the designated Compliance Officer. The Compliance Officer will collect such Statements and provide copies of each completed Statement to the Board of Directors, the Compliance Officer may also provide other relevant documents or information relating to the Statements.


A. Review by the Compliance Committee [Please confirm]. All disclosures of matters that are believed to present a Disclosable Conflict of Interest will be forwarded by the Compliance Officer/designee for review by the Compliance Committee, along with other relevant documents and information relating thereto, if any, for its consideration in a manner consistent with applicable law.

The Compliance Committee will conduct a full review of all matters that raise an actual or potential conflict of interest, or that create the appearance of an actual or potential conflict of interest. In so doing, the Compliance Committee:

i. Will consider all relevant facts and circumstances involved in the matter, and in particular, what is fair, reasonable and in the best interests of Center [and its patients];

ii. Will exclude the affected individual(s) from being present at or participating in the deliberations or voting on the matter;

iii. Will prohibit the affected individual(s) from any attempt to Improperly Influence the deliberations or voting on the matter;

iv. Will permit the affected individual(s), upon request of the Compliance Committee to present information as background or answer questions concerning the matter at a committee or board meeting prior to commencement of deliberations or voting on the matter; and

B. Additional Special Rules for Related Party Transactions and Member Related Party Transactions. In addition to the general considerations outlined above, all Related Party
Transactions and Member Related Party Transactions are subject to the following additional special rules:

i. Center may not enter into a Related Party Transaction unless the transaction is determined to be fair, reasonable and in Center’s best interest at the time of the determination;

ii. In considering the Related Party Transaction, the Compliance Committee shall ensure that the member of the Covered Group who has an interest in the Related Party Transaction has disclosed in good faith all material facts concerning such interest; and

iii. No Related Party may participate in the deliberations or voting relating to any Related Party Transaction in which he or she has an interest. However, the Compliance Committee may request that a Related Party present information as background or answer questions concerning a Related Party Transaction at a Board or committee meeting prior to the commencement of deliberations or voting relating.

With respect to any Related Party Transaction involving Center and in which a Related Party has a substantial financial interest, the following shall also apply:

i. Prior to entering into a Related Party Transaction or a Member Related Party Transaction in which a Related Party or a Member Related Party has a substantial financial interest, the Board of Managers must consider alternative transactions, to the extent available; and

ii. Center may not enter into a Related Party Transaction or a Member Related Party Transaction unless the transaction is determined to be fair, reasonable and in Center’s best interest at the time Center enters into it, and the reasons for such determination must be contemporaneously documented.

C. Determination by the Compliance Committee. The Compliance Committee will make a final and binding determination as to whether a conflict of interest exists or may exist, and what course Center will take in connection with the matter.

The Compliance Committee will contemporaneously document in writing in appropriate minutes of any meeting at which the matter is deliberated or voted upon all deliberations and determinations relating thereto, including, at a minimum, a summary of the matter, a summary of the deliberations, consideration of any alternatives, who is present at the meeting(s), the vote and the basis for the determination, including, but not necessarily limited to, whether the matter is as fair and reasonable to Center as would otherwise then be obtainable by Center.
D. **Certain Compensation Decisions.** Unless otherwise provided in the certificate of incorporation or the by-laws, the Board shall have the authority to fix the compensation of Directors for services in any capacity. The fixing of compensation of Officers, if not done in or pursuant to the by-laws, requires the affirmative vote of a majority of the entire Board unless a higher proportion is set by the certificate of incorporation or by-laws. All compensation must be in a reasonable amount for services rendered and must be in compliance with all other legal requirements. No person who may benefit from such compensation may be present at or otherwise participate in any deliberation or vote concerning his or her compensation. However, such person may be asked to present information as background or answer questions at a meeting prior to the commencement of deliberations or voting relating thereto. A Director will not be prohibited from deliberating or voting concerning compensation for service on the Board that is to be made available or provided to all Directors of Center on the same or substantially similar terms.

IV. **EXAMPLES**

It is not possible to list every circumstance that gives rise to either a conflict of interest or the appearance of a conflict of interest. However, the following examples may be helpful in illustrating the types of situations that may create an actual or potential conflict of interest or the appearance of one. Remember that this is not an exhaustive list, and your particular circumstance may very well give rise to a conflict of interest, or the appearance of one, even though it is not listed below.

There is a Disclosable Conflict of Interest if a member of the Covered Group or their Relative:

i. Engages in, or intends to engage in, a Related Party Transaction;

ii. Has any financial interest in a vendor; is a member, owner, director, trustee or officer of a vendor; or has a contractual or employment relationship with a vendor;

iii. Has any financial interest in an entity that competes with Center, or has a contractual or employment relationship with an entity that competes with Center;

iv. Solicits or accepts any gifts, entertainment, or other favors from any Center’s vendor, or an individual or entity seeking to become a Center vendor, under circumstances where it might be inferred that such action was intended to influence the member of the Covered Group in the performance of their duties on behalf of Center;
v. Represents Center in any matter in which the person has a personal interest (financial or otherwise);

vi. Uses, or has the opportunity to use, knowledge about Center for personal gain, profit or advantage;

vii. When a current Director, Officer or Key Employee has any family or business relationship with another current Director, Officer or Key Employee. A business relationship between two persons includes where: (i) one person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, or greater-than-35% owner, even if that organization is tax-exempt; (ii) one person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), 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 in excess of $10,000 in the aggregate during Center’s tax year; and (iii) the two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity (but not in the same tax-exempt organization) [This provision applies only to Directors, Officers and Key Persons]; or

viii. Might have, or appears to have, a conflicting interest in any transaction or arrangement in which Center is, or intends to be, a participant.

Note, however, that De Minimis Transactions and Ordinary Course of Business Transactions, as defined in the Appendix, are not covered by this Policy. Even in such cases, however, the affected party may not intervene or seek to influence the person tasked with making the decision or reviewing the transaction. Further, the person tasked with making the decision or reviewing the transaction should not consider or be influenced by the affected party’s involvement in decisions or matters that may affect the decision-maker/reviewer.

V. TRAINING

Center will conduct training and education for the Covered Group on this Policy, including as to what constitutes Disclosable Conflicts of Interest, required disclosures, when and how disclosures are to be made, the review and determination process and other related matters at the individual’s orientation and on a regular basis thereafter.

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1 For purposes of this definition, “indirect transactions” are transactions with an organization with which the one person is associated as a trustee, director, officer, or greater-than-35% owner. Such transactions do not include charitable contributions to tax-exempt organizations.
If you are uncertain about a particular transaction or matter, it should be disclosed pursuant to this Policy.

**APPENDIX: DEFINITIONS**

This Appendix sets forth the definitions of a number of important words and phrases that are used throughout this Policy.
1. **“Affiliate”**. An “Affiliate” of Center means any entity controlled by or in control of Center.

2. **“Board”**. “Board” means the body responsible for the management of Center including, but not limited to, board of directors or any other body constituting a Governing Board as defined below.

3. **“Covered Group”**. “Covered Group” means its Members of the Board of Directors, officers, employees, and volunteers serving on any advisory boards or stewardship committees relating to any entity associated with the Center or its affiliates and staff who supervises at least one other person.

4. **“De Minimis Transaction”**. A “De Minimis Transaction” for purposes of this Policy is one that is immaterial or insignificant to Center, taking into account all relevant factors, including but not limited to: (i) Center’s overall business or financial operations; (ii) any impact the transaction might have on the quality of care, treatment or services provided to our patients; and/or (iii) the size and scope of the particular transaction.

5. **“Director”**. “Director” means any member of the Governing Board of Center, whether designated as director, trustee, manager, governor, or by any other title.

6. **“Disclosable Conflict of Interest”**. “Disclosable Conflict of Interest” means any circumstance that gives rise to, or appears to give rise to, an actual or potential conflict of interest between a Covered Group member’s interest (or the personal, business or financial interests of a Relative of a Covered Group member) and the best interests of Center. In addition, every Related Party Transaction and every Member Related Party Transaction is a Disclosable Conflict of Interest.

7. **“Improperly Influence”**. “Improperly Influence” means coercing, manipulating, misleading, or fraudulently influencing the decision-making when the Covered Group members knew or should have known that their action, if successful, could result in the outcome which they could not deliberate or vote on directly.

8. **“Independent Director”**. “Independent Director” means a director who: (i) is not, and has not been within the last three years, an employee or a key person of Center or an affiliate of Center, and does not have a relative who is, or has been within the last three years, a key person of Center or an affiliate of Center; (ii) has not received, and does not have a relative who has received, in any of the last three fiscal years, more than ten thousand dollars in direct compensation from Center or an affiliate of Center; (iii) is not a current employee of or does not
have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has provided payments, property or services to, or received payments, property or services from, Center or an affiliate of Center if the amount paid by Center to the entity or received by Center from the entity for such property or services, in any of the last three fiscal years, exceeded the lesser of ten thousand dollars or two percent of such entity's consolidated gross revenues if the entity's consolidated gross revenue was less than five hundred thousand dollars; twenty-five thousand dollars if the entity's consolidated gross revenue was five hundred thousand dollars or more but less than ten million dollars; one hundred thousand dollars if the entity's consolidated gross revenue was ten million dollars or more; or (iv) is not and does not have a relative who is a current owner, whether wholly or partially, director, officer or employee of Center's outside auditor or who has worked on Center's audit at any time during the past three years.2

9. **"Indirect Financial Interest"**. A person has an “Indirect Financial Interest” in an entity if a Relative, as is defined herein, has an ownership interest in that entity or if the person has ownership in an entity that has ownership in a partnership or professional corporation.

10. **"Key Person"**. “Key Person” means any person who is in a position to exercise substantial influence over the affairs of Center, as determined in accordance with current laws, rules and regulations and includes the IRS definition of Key Employees.

The term “Key Employee” includes, but is not limited to:

- With respect to any transaction involving Center, any person who was, at any time during the 5-year period ending on the date of such transaction, in a position to exercise substantial influence over Center’s affairs;

- Any individual serving on the governing body/Governing Board of Center who is entitled to vote on any matter over which the governing body/Governing Board has authority;

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2 “Compensation” does not include reimbursement for expenses reasonably incurred as a director or reasonable compensation for service as a director as permitted by paragraph (a) of section 202 (General and special powers) of this chapter; and “payment” does not include charitable contributions, dues or fees paid to the corporation for services which the corporation performs as part of its nonprofit purposes, or payments made by the corporation at fixed or non-negotiable rates or amounts for services received, provided that such services by and to the corporation are available to individual members of the public on the same terms, and such services received by the corporation are not available from another source.
• Any person who, regardless of title, has ultimate responsibility for implementing the decisions of the governing body/Governing Board of Center, for supervising the management, administration, or operation of Center, or for managing the finances of Center, regardless of whether such ultimate responsibility resides with one, two or more individuals, either individually or acting in concert. Included in this group are presumed to be the President, Chief Executive Officer, Chief Operating Officer, Treasurer and Chief Financial Officer;

• Any person with a material financial interest in a provider-sponsored organization (i.e., a Medicare Advantage organization) in which Center participates;

• Any person who satisfies the definition of a “Key Employee” pursuant to IRS Form 990, as the same may be amended from time to time; ³

• Any other person for whom all the relevant facts and circumstances tend to show that the person has substantial influence over the affairs of Center [including, but not limited to, the facts and circumstances tending to show that substantial influence does or does not exist, as outlined in IRS regulations at 26 CFR § 53.4958-3(e)(2) and (3), to the extent such provisions are applicable and as the same may be amended from time to time]; ⁴

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³ For purposes of Form 990, a current Key Employee is an employee of the organization (other than an officer, director, or trustee) who meets all three of the following tests applied in the following order:

1. **$150,000 Test.** 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. **Responsibility Test.** At any time during the calendar year ending with or within the organization’s tax year:
   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. **Top 20 Test.** Is one of the 20 employees other than officers, directors, and trustees who satisfy the $150,000 Test and Responsibility Test with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year.

⁴ Facts and circumstances tending to show substantial influence. Facts and circumstances tending to show that a person has substantial influence over the affairs of an organization include, but are not limited to, the following—
Any other person deemed to be a “Key Employee” under current laws, rules or regulations applicable to Center.

[A person is not a “Key Employee” under the NPRA if they are deemed not to be in a position to exercise substantial influence over the affairs of Center if they fall into certain categories outlined in IRS regulations at 26 CFR § 53.4958-3(d).5].

(i) The person founded the organization;
(ii) The person is a substantial contributor to the organization (within the meaning of section 507(d)(2)(A)), taking into account only contributions received by the organization during its current taxable year and the four preceding taxable years;
(iii) The person's compensation is primarily based on revenues derived from activities of the organization, or of a particular department or function of the organization, that the person controls;
(iv) The person has or shares authority to control or determine a substantial portion of the organization's capital expenditures, operating budget, or compensation for employees;
(v) The person manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole;
(vi) The person owns a controlling interest (measured by either vote or value) in a corporation, partnership, or trust that is a disqualified person; or
(vii) The person is a non-stock organization controlled, directly or indirectly, by one or more disqualified persons.

Facts and circumstances tending to show no substantial influence. Facts and circumstances tending to show that a person does not have substantial influence over the affairs of an organization include, but are not limited to, the following—

(i) The person has taken a bona fide vow of poverty as an employee, agent, or on behalf, of a religious organization;
(ii) The person is a contractor (such as an attorney, accountant, or investment manager or advisor) whose sole relationship to the organization is providing professional advice (without having decision-making authority) with respect to transactions from which the contractor will not economically benefit either directly or indirectly (aside from customary fees received for the professional advice rendered);
(iii) The direct supervisor of the individual is not a disqualified person;
(iv) The person does not participate in any management decisions affecting the organization as a whole or a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
(v) Any preferential treatment a person receives based on the size of that person's contribution is also offered to all other donors making a comparable contribution as part of a solicitation intended to attract a substantial number of contributions.

5 That regulation currently provides as follows:

A person is deemed not to be in a position to exercise substantial influence over the affairs of an applicable tax-exempt organization if that person is described in one of the following categories:
11. **“Officer”**. “Officer” means those individuals designated as officers in the by-laws of Center and those who are otherwise appointed as officers of Center in accordance with its by-laws.

12. **“Ordinary Course Of Business Transaction”**. An “Ordinary Course of Business Transaction” is one that is consistent either with Center’s consistently applied past practices in similar transactions or with common practices in the industry in which Center operates.

13. **“Related Party”**. “Related Party” means member of the Covered Group of Center or any Affiliate of Center or any other person who exercises the powers of Directors, Officers or Key Persons over the affairs of Center or any Affiliate of Center; (ii) any Relative of any individual described in clause (i) of this definition; or (iii) any entity in which any individual described in clauses (i) or (ii) of this definition 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%.

14. **“Related Party Transaction”**. “Related Party Transaction” means any transaction, agreement or any other arrangement in which a Related Party has a financial interest and in which Center or any Affiliate of Center is a participant.

15. **“Relative”**. “Relative” means a Covered Group Member’s (i) domestic partner, as defined in New York Public Health Law § 2994-a; (ii) his or her ancestors, brothers and sisters, uncles, aunts, nephews, nieces, and first cousins; (iii) any entity in which any individual described in paragraphs (b) or (c) of this definition 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%.

(1) Tax-exempt organizations described in section 501(c)(3). This category includes any organization described in section 501(c)(3) and exempt from tax under section 501(a).
(2) Certain section 501(c)(4) organizations. Only with respect to an applicable tax-exempt organization described in section 501(c)(4) and § 53.4958–2(a)(4), this category includes any other organization so described.
(3) Employees receiving economic benefits of less than a specified amount in a taxable year. This category includes, for the taxable year in which benefits are provided, any full- or part-time employee of the applicable tax-exempt organization who—
(i) Receives economic benefits, directly or indirectly from the organization, of less than the amount referenced for a highly compensated employee in section 414(q)(1)(B)(i);
(ii) Is not described in paragraph (b) or (c) of this section with respect to the organization; and
(iii) Is not a substantial contributor to the organization within the meaning of section 507(d)(2)(A), taking into account only contributions received by the organization during its current taxable year and the four preceding taxable years.

6 “Domestic partner” means a person who, with respect to another person:
(a) is formally a party in a domestic partnership or similar relationship with the other person, entered into pursuant to the laws of the United States or of any state, local or foreign jurisdiction, or registered as the domestic partner of the other person with any registry maintained by the employer of either party or any state, municipality, or foreign jurisdiction; or
and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren; or (iii) the spouse or domestic partner of his or her brothers, sisters, children, grandchildren, and great-grand-children.

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**EFFECTIVE:**

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(b) is formally recognized as a beneficiary or covered person under the other person's employment benefits or health insurance; or

c) is dependent or mutually interdependent on the other person for support, as evidenced by the totality of the circumstances indicating a mutual intent to be domestic partners including but not limited to: common ownership or joint leasing of real or personal property; common householding, shared income or shared expenses; children in common; signs of intent to marry or become domestic partners under paragraph (a) or (b) of this subdivision; or the length of the personal relationship of the persons.

Each party to a domestic partnership shall be considered to be the domestic partner of the other party. “Domestic partner” shall not include a person who is related to the other person by blood in a manner that would bar marriage to the other person in New York state. “Domestic partner” also shall not include any person who is less than eighteen years of age or who is the adopted child of the other person or who is related by blood in a manner that would bar marriage in New York state to a person who is the lawful spouse of the other person.