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Owner **David Lane: Chief Compliance Officer**
 Policy Area **Compliance**
 Applicability **Providence Systemwide + PGC**

PSJH-RIS-719 Gifts, Gratuities and Business Courtesies Policy

Executive Sponsors:	Sheryl Vacca, SVP, Chief Risk Officer <u>and</u> Greg Hoffman, Providence Chief Financial Officer
Policy Owners:	David Lane, VP, Chief Compliance Officer <u>and</u> David Carlson, GVP, Sourcing and Clinical Integration Officer
Contact Persons:	Karen J. Coleman, System Director, Compliance Services <u>and</u> Jennie Kim, Director, Contracting

Scope:

This policy applies to the non-profit entities of Providence and its Affiliates^[i] (collectively known as "Providence") and their Workforce Members, as defined below. Where an organization is not wholly or majority owned, exceptions may apply.

- Yes No Is this policy applicable to Providence Global Center (PGC) caregivers
- Yes No Is this policy applicable to Providence Health Plan sales and marketing functions

This is a management level policy reviewed and recommended by the Policy Advisory Committee ("PAC") to consider for approval by senior leadership which includes vetting by Executive Council with final approval by the President, Chief Executive Officer, or appropriate delegate.

Purpose:

In keeping with Providence's mission and values, this policy establishes guidelines for accepting and giving gifts, gratuities, and business courtesies, to ensure compliance with regulatory requirements. This policy applies to **all** caregivers at **all** levels in **all** functions and to **any** third party with whom Providence conducts business.

Definitions:

1. **Business Courtesies** include gifts, gratuities, meals, refreshments, entertainment or other benefits from persons or companies with whom Providence does or may do business. We will neither give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation, or policies of Providence, or would cause embarrassment or reflect negatively on Providence's reputation.
2. **De minimis benefit** (sometimes referred to as a *fringe benefit*) in general, a de minimis benefit is one for which, considering its value and the frequency with which it is provided, is so small as to make accounting for it unreasonable or impractical. De minimis benefits are excluded [Internal Revenue Code section 132\(a\)\(4\)](#). In determining whether a benefit is de minimis, you should always consider its frequency and its value. An essential element of a de minimis benefit is that it is occasional or unusual in frequency. It also must not be a form of disguised compensation. The Internal Revenue Service previously ruled that items with a value exceeding \$100 could not be considered de minimis, even under unusual circumstances.
3. **Development department** is a function within a Providence entity with responsibility for raising money (contributions or grants).
4. **Educational Events** refers to those events for which attendees may receive professional Continuing Education Unit ("CEU") or Continuing Medical Education ("CME") credit toward maintenance of licensure for a healthcare or other professional, as well as other activities that are provided for general education purposes. Educational events also include educational activities sponsored, at least in part, by Providence for customers, patients, and community residents.
5. **Facility/Ministry** refers to any Providence location that provides health care services, or Administrative Buildings, and its staff.

6. **Foundation** is an entity that is established as a nonprofit corporation or a charitable trust under Providence or a Providence legal entity, with a principal purpose of making grants to institutions or to individuals for charitable purposes.
7. **Gifts** are defined as anything of value given to Workforce Members and independent members of the medical staff, or members of their immediate family, while on Providence premises or conducting business for Providence, including, but not limited to, attendance at outside events or received via email or other method, and may include, but are not limited to, promotional items such as pens and note pads, cash, gratuities, meals, gift certificates and gift cards, tickets to events and performances, favors, discounts, free services, space, equipment, loans, education, lodging and transportation.
8. **Gratuity** is a favor or gift (usually cash) given voluntarily or beyond obligation for a service (i.e., a tip).
9. **Health Care Industry Representative ("HCIR")** includes, but is not limited to, any health care industry employee, agent, or representative whose responsibilities may include sales, customer service, clinical consultation, technical support, or repair/maintenance (previous and current policies may define HCIR as "sales", "vendor", "manufacturer", "supplier", "rep", etc.).
10. **Honoraria/Honorarium** is a monetary payment for services rendered voluntarily (e.g., speaking engagements, serving as a Board member, etc.). It is typically processed before an event's start or close to it. An honorarium is considered self-employment income by the IRS and is usually taxed accordingly.
11. **Pharmaceutical Representative ("PR")** includes, but is not limited to, representatives of the pharmaceutical industry engaged in sales, medical science liaisons, business managers, account managers, or other strategic partners.
12. **PHP Marketing and Sales Activities** includes all Providence Health Plan caregivers whose roles support membership growth, or support services relating to membership growth, and who reside within the organizational structures of either the Chief Sales and Underwriting Officer or the Chief Marketing and Product Officer.
13. **Professional Courtesies**, under Stark Law, means the provision of free or discounted health care items or services to a physician or his or her immediate family members or office staff.
14. **Nominal Value**, for purposes of this policy, is based on the Office of Inspector General (OIG) interpretation of "inexpensive" or "nominal value" to mean a retail value of no more than \$15 per item or \$75 in the aggregate per individual on an annual basis. See also de minimis above.
15. **Samples** are defined as items received from a Vendor/Supplier for the purpose of evaluation or review in Providence for clinical or patient use in an education setting and are not considered Gifts. (For additional details regarding Medication Samples, refer to [PSJH-PHARM-1311](#)).
16. **Vendors/Suppliers** include but are not limited to: product and service providers, manufacturer, consultants, business associates, contractors and other businesses, organizations, or individuals with whom we do business or those seeking to do business with Providence. This definition applies to the vendor/supplier as a company as well as to employees and agents of a vendor/supplier.
17. **Workforce Members** include employees/caregivers, volunteers, trainees, interns, medical staff, students, independent contractors, vendors/suppliers, and all other individuals working at the ministry, whether they are paid by that entity or under the direct control of the facility. It does not include independent members of a hospital's medical staff or independent panel members of the health plans.

Policy:

Workforce Members may not solicit or accept personal Gifts, Business Courtesies or services from patients, visitors, vendors/suppliers, or business associates, as doing so may be an actual or perceived conflict of interest. Unsolicited gifts of nominal value, as described within this policy, may be permissible under certain circumstances. Gifts that are intended to influence or may be reasonably perceived as having the potential to influence, an individual in the scope of their duties or responsibilities at Providence are prohibited regardless of whether the gift is from present or potential interested parties. Providence may be required to report income for federal and state tax purposes related to gifts, travel or other reimbursement given to employees, and in some cases spouses/guests under several scenarios referenced herein.

Interaction with third parties shall be conducted as to avoid or minimize conflicts of interest and the appearance of conflicts of interest. Providence is committed to effective vendor/supplier partnerships to deliver high-quality products and services. Business relationships with vendors/suppliers can never be based on an implied or expressed understanding that acceptance of Gifts or future favors will influence the conduct of Providence business. When actual, perceived, or potential conflicts of interest do arise they must be addressed in accordance with Providence's Vendor/Supplier Interactions policy, ([PSJH-RIS-718](#)) and Conflicts of Interest policy, ([PSJH-GOV-208](#)).

Requirements:

A. Gifts in General

1. **Receiving of Gifts**
 - a. **Perishable Gifts:** It is acceptable for a department or clinical unit to accept a perishable gift such as a floral arrangement, baked goods, candy, or similar edible item to be shared by department staff. To the extent that Workforce Members and a third party's staff are working together on a project for the Ministry, and working through a meal is necessary, ordered meals can only be accepted if they are of reasonable cost (e.g., pizza shared among staff).
 - b. **Cash and equivalents:** Cash, gift certificates/cards, stocks, bonds, vouchers, etc. from Vendors/Suppliers, non-employed individuals or other external entities are prohibited.
 - c. **Patients:** Gifts or items of value may not be solicited or accepted from patients or their families. If a patient or family member offers a Gift or item of value they should be thanked, politely informed of the system policy against acceptance of Gifts and directed to the foundation where the Gift can be accepted on behalf of the Ministry.
2. **Pharmaceutical Representative (PR):** Caregivers may not accept gifts from PRs. This includes, but is not limited to, cash and equivalents, perishable gifts, promotional items, and/or Business Courtesies.

B. Giving of Gifts.

1. **Government Officials:** Gifts, even if nominal in value (including food and beverages), may not be offered to any governmental official. Such Gifts could be misinterpreted as an attempt to improperly influence an official and must not be given.
2. **Inducement of referrals:** Any Gift intended to induce or reward referrals or result in the purchase of goods or services is prohibited, regardless of value.
3. **Promotional items:** The marketing department and/or other departments of Providence may develop promotional items of nominal value (no more than \$15 per item or \$75 in the aggregate per patient on an annual basis) that promote awareness of clinical programs for referral sources or for patients that are consistent with Providence's mission to promote outreach and education.
4. **Gifts to non-physicians in recognition of volunteered service:** Gifts of reasonable value offered in appreciation for service requested by the Ministry and volunteered by the recipient without expectation of payment may be given. For example, departing Gifts may be given in thanks to trustees leaving the Ministry board, medical staff officers concluding their term in office, or donors following donation if the Gift is reasonable in value and the value is similar for all similarly situated, and relative value is not based on the volume of referrals or size of donation.
5. **Gifts to physicians/referral sources in recognition of volunteered service:** Please refer to the Non-Monetary Compensation and Incidental Benefits policy ([PSJH-MED-314](#)) for additional guidance. Any Business Courtesies, 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. Before any item of value is given to a physician or other person in a position to refer patients, the proposal should be presented to and reviewed by the Department of Legal Affairs.
6. **Gifts to HCIR or potential customers** may not be offered as part of a business negotiation.
7. **Business entertainment** must have a business purpose that provides a benefit to Providence. The person offering the business entertainment must participate in the activity. If not, it is a gift and subject to gift standards.

C. Business Courtesies

The value of **any** business courtesies cannot exceed de minimis and nominal values as defined in this policy.

1. **Permitted Business Courtesies:** On limited occasions it may be permissible to accept a meal or other invitation from a current or potential Vendor/Supplier. However, the purpose must never be to induce or influence a business transaction. Generally, the cost must be reasonable (not to exceed seventy-five dollars \$75 per person). The invitation should be declined if the occasion has the appearance of extravagance or if acceptance of the invitation could be reasonably perceived by anyone as having the intent to influence a business decision involving Providence. To be acceptable, the occasion resulting from the invitation should conform to the following guidelines: (1) The cost and location must be reasonable and not extravagant; (2) paid expenses for any travel costs or overnight lodging for the individual or his/her family are prohibited; (3) the invitation is for an ordinary business meal or gathering during which the host is present and business is conducted; and (4) acceptance of such an invitation from an individual or business is rare unless expenses are shared by both parties in equal portions.
2. **Reportable Business Courtesies:** Business Courtesies of personal benefit such as tickets to a sporting event, theatrical events, golf outings, etc. must be approved by the Workforce Member's core leader and reported on a conflict of interest disclosure form.
3. **Sponsoring Business Events:** Providence may sponsor events with a legitimate business purpose (e.g., medical staff summits, board meetings, business related retreats). For these events, reasonable and

appropriate meals and entertainment may be offered by Providence to attendees at the sponsored event. Transportation and lodging for these events must be paid for by Providence.

4. **Providence Fundraising Events:** Providence employees are permitted to attend a Providence fundraising event that is sponsored by a current or prospective Vendor/Supplier or others doing business with Providence provided that the Vendor/Supplier or others sponsoring the event extend the invitation to the caregiver and that the host attends the event with the Providence caregiver. Any current or potential Vendor/Supplier desiring to sponsor a Providence fund-raising event, but who plans to be absent from the event, may offer the event tickets to the Providence administrative office hosting the event. The administrative office will coordinate with the department managers to determine how the sponsored tickets should be distributed. Workforce Members are prohibited from accepting this type of sponsored ticket directly from the Vendor/Supplier.
5. **Business Courtesies from Referral Sources (Physicians):** Any Business Courtesies, 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. Before any item of value is accepted from a physician or other person in a position to refer patients, the proposal should be presented to the SVP, Chief Risk Officer. The following guidelines must be present when accepting a Business Courtesy from a referral source including a physician: (1) cost and location must be reasonable; (2) paid expenses for any travel or overnight lodging are prohibited; (3) a Business Courtesy from an individual or entity should be of such limited value (\$100 per person annually) that it would not be reasonably perceived by anyone as an attempt to affect the judgment of the recipient to induce referrals; (4) 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 (5) 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.

D. Honoraria/Honorarium and Consultations

1. Workforce Members, professional staff or trustees/directors who are invited to be a speaker, serve as a board member of a for-profit or non-profit corporation or other organization of any kind, or provide genuine consulting services may accept reimbursement in the form of honoraria or compensation for time and expenses under the following guidelines: (1) travel, lodging and meal expense reimbursement is reasonable and directly related to the engagement; (2) compensation fees or honoraria received are no more than fair market value; (3) presentations or consultation engagements must be of scientific/academic merit and/or benefit to Providence; (4) consultations and service agreements must be in writing; and (5) retainers or similar payments may not be accepted for simply being a member of a speaker's bureau.
2. Workforce Members, professional staff or trustees/directors may not provide private consulting work for a Vendor/Supplier who conducts business with Providence or who wants to conduct business with Providence before receiving a conflicts of interest review and approval by Providence.
3. Questions regarding honoraria and/or compensation or other fees should be directed to the Conflicts of Interest or Conflicts of Interest in Research policy owner. Workforce Members should speak with their core leader first to assess the appropriateness of accepting the honoraria or speaker fee and in all cases, the honoraria and/or compensation or other fees should be disclosed on the individual's annual COI/COIR survey.

E. Violations of Gifts, Gratuities and Business Courtesies policy

1. If any person has reasonable cause to believe that a Workforce Member failed to abide by the Gifts, Gratuities and Business Courtesies policy, they will inform RIS of the basis for such belief. A person may also raise a concern through the Providence Integrity Hotline (1-888-294-8455) or Integrity Online. RIS shall investigate and afford the Workforce Member an opportunity to explain the alleged non-compliance of the policy.
2. If, after hearing the response of the Workforce Member and further investigating as warranted, PSJH Compliance determines that the Workforce Member has violated the policy, the Workforce Member's core leader, in consultation with Human Resources, shall take appropriate remedial action. Impacted caregivers will be subject to corrective action up to and including termination, in accordance with the facility's Counseling and Corrective Action policy ([available on the HR Portal](#)). Impacted volunteers, trainees, interns, medical staff, students, independent contractors, vendors/suppliers, and all other individuals working at the ministry, will be subject to appropriate action which may include severance of their affiliation with the facility or termination of their contract, where applicable.

References:

[PSJH COI Gift FAQ](#)

[PSJH Code of Conduct](#)

- [PSJH-RIS-722 Code of Conduct Policy](#)
- [PSJH-RIS-732 Anti-Corruption Compliance Policy](#)
- [PSJH-RIS-718 Vendor/Supplier Interactions policy](#)
- [PSJH-GOV-208 Conflicts of Interest policy](#)
- [PSJH-PHARM-1311, Medication Samples policy](#)
- [PSJH-MED-314, Non-Monetary Compensation and Incidental Benefits policy](#)
- [Honorarium - Overview, How It Works, Tax Treatment \(corporatefinanceinstitute.com\)](#)
- [Office of Inspector General Policy Statement Regarding Gifts of Nominal Value \(hhs.gov\)](#)
- [Internal Revenue Service Form 1023, Application for Recognition of Exemption Under Section 501\(c\)\(3\) of the Internal Revenue Code](#)
- [Internal Revenue Service De Minimis Fringe Benefits](#)
- [Office of Inspector General – Fraud and Abuse Laws](#)
- [Stark Law: Professional Courtesy- 411.357\(s\)](#)
- [Counseling and Corrective Actions policy \(Available on the HR Portal\)](#)

Applicability:

[i] For purposes of this policy, “Affiliates” is defined as any not-for-profit or non-profit entity that is wholly owned or controlled by Providence St. Joseph Health (PSJH), Providence Health & Services, St. Joseph Health System, Western HealthConnect, Kadlec, Covenant Health Network, Grace Health System, Providence Global Center*, NorCal HealthConnect, or is a not-for-profit or non-profit entity majority owned or controlled by PSJH or its Affiliates and bears the Providence, Swedish Health Services, St. Joseph Health, Covenant Health, Grace Health System, Kadlec, or Pacific Medical Centers names (includes Medical Groups, Home and Community Care, etc.). *Policies and/or procedures may vary for our international affiliates due to regulatory differences. For purposes of this policy, “Affiliates” is defined as any not-for-profit or non-profit entity that is wholly owned or controlled by Providence St. Joseph Health (PSJH), Providence Health & Services, St. Joseph Health System, Western HealthConnect, Kadlec, Covenant Health Network, Grace Health System, Providence Global Center*, NorCal HealthConnect, or is a not-for-profit or non-profit entity majority owned or controlled by PSJH or its Affiliates and bears the Providence, Swedish Health Services, St. Joseph Health, Covenant Health, Grace Health System, Kadlec, or Pacific Medical Centers names (includes Medical Groups, Home and Community Care, etc.). *Policies and/or procedures may vary for our international affiliates due to regulatory differences.

Approval Signatures

Step Description	Approver	Date
PSJH President/CEO	Cynthia Johnston: Senior Compliance Specialist	05/2023
PSJH Executive Council	Cynthia Johnston: Senior Compliance Specialist	05/2023
PSJH Policy Advisory Committee	Cynthia Johnston: Senior Compliance Specialist	05/2023

Standards

No standards are associated with this document