



Vendor Relationships and Gifts

PURPOSE

This policy brings together relevant standards for relationships among the Company, its employees, and vendors. In general, non-contractual benefits received from vendors by individual employees should be modest in value and scope, directly tied to legitimate business purposes, and must not improperly influence decision-making on behalf of the Company. Any discounts or rebates received from a vendor should comply with this policy, and should be properly documented in accordance with applicable law.

Also, in some cases, the Company may be a referral source for a vendor's goods and services, such as when the Company purchases medical supplies or implants that are furnished to patients. Federal and some state laws prohibit offering or receiving improper "inducements" to order, refer, or purchase a health care item or service.

SCOPE

n/a

DEFINITIONS

Annual Gift Limit - gifts are limited to a total value of \$407 per calendar year/per employee from any vendor. Note: the total value limit is established by CMS regulations regarding the non-monetary compensation limit in accordance with §411.357 and available using the link below:

http://www.cms.gov/Medicare/Fraud-and-Abuse/PhysicianSelfReferral/CPI-U_Updates.html

Policy Details

Policy ID

CMP-203

Audience

All

Effective Date

2/1/2013

Last Review Date

4/16/2018

A **vendor** is a person or organization that furnishes, or that seeks to furnish, goods or services to the Company.

ROLES & RESPONSIBILITIES

n/a

POLICY

Company employees may accept gifts, entertainment and other benefits from vendors which are modest in value and not intended to improperly influence decision making on behalf of Encompass Health.

PROCEDURES

1. Gifts, Meals, and Entertainment

Encompass Health employees may accept gifts, entertainment and other benefits from vendors so long as such items do not exceed the annual gift limit (as defined in the Definitions section above). Each hospital should have a process in place to ensure adherence to policy guidelines.

- a. No cash or cash equivalents may be accepted. Gift certificates for a specified place of business (e.g. Starbucks) are permissible.
- b. The annual gift limit applies to all related vendor entities, such as parent and subsidiaries, and other groups of vendors under substantially similar operational control.
- c. The annual gift limit includes any benefits to family members of Company employees.
- d. The following items are not included in the annual gift limit:
 - Business-related meals
 - a. If you are engaged in a business relationship with a vendor from which you may or are currently purchasing goods or services, the occasional business meal provided in furtherance of the business relationship is acceptable. These meals do not have to be included in the annual limit.
 - b. For purpose of this policy, vendors are also those providers and suppliers that provide post-discharge services or products to our patients and for which these services/products may be directly billed to a federally funded health program. The business meal exception **does not** apply to these providers/suppliers. Thus, the costs

associated with in-service meals and/or entertainment meals are included in the annual limit.

- Food, beverages and similar items provided at no charge to the general public.
- A modest amount of inexpensive pens, notepads, cups and similar items with the vendor's logos or information.
- Participation in organized charity events, at the vendor's request, such as luncheons and similar events, where the vendor has purchased tables or teams, provided that the recipient does not solicit the vendor to participate in the event and persons other than Company employees also participate.

2. Vendor-Supported Product/Service Demonstrations

Employees may participate in vendor-sponsored demonstrations of products or services under consideration for purchase and use by the Company. Moderate meals, lodging and travel may be provided by the vendor during such demonstrations if the estimated cost of the product or service warrants the travel and if it is not reasonable to conduct the demonstration at a location near the recipient.

3. Vendor-Supported Training

- a. Employees may participate in vendor-sponsored training where the training is directly related to a product or service sold by the vendor, and is included in the items provided to the Company in the vendor's agreement. Moderate meals, lodging and travel may be provided by the vendor during such training if it is not reasonable to conduct the training at a location near the recipient.
- b. Employees may not accept payment or reimbursement of registration fees or related travel or lodging, for general trade or professional association conferences from current or prospective vendors.
- c. For training not included in a vendor contract, Company employees may participate in training directly related to a product or service sold or purchased by the Company. If the training provided or received qualifies for Continuing Education Units or similar professional education credits (CEUs), such CEUs are subject to the annual gift limit described above. If the value of a CEU is not known, the fair market value will be assumed to be \$20 per contract hour.

4. Vendor Sponsored Advisory Boards, Users Meetings, or Focus Groups

From time to time vendors may ask Company employees to serve on customer advisory boards or to participate in meetings or focus groups to evaluate products or services or to compare best practices. Company employees may participate in such advisory boards or attend such users meetings or focus groups with the approval of management. Where doing so will not create a potential conflict of interest or constitute an improper inducement for the referral of items or services

to the Company, management may approve vendor reimbursement of reasonable expenses associated with such meetings.

5. Vendor Speakers at Company Functions

Vendors may furnish employees or regular consultants to serve as expert speakers at Company conferences or meetings. Vendors may not provide or sponsor speakers who are not vendor employees or regular consultants.

6. Vendor Use of Company Speakers

Vendors may request Company employees to speak at conferences, or other business related events if such speech is reasonably related to the Company's business interests. Such speaking engagements must be approved by management. The vendor may reimburse the Company for reasonable travel expenses in connection with speaking engagements. Employees should not accept honorariums or other payments from vendors other than reimbursement of out-of-pocket expenses. Any honorarium should be paid to the Company directly, not to the employee.

7. Employee/Facility Awards

Vendors may participate in Company sponsored programs designed to recognize excellence in clinical practice or patient outcomes, provided that, such recognition takes the form of certificates or modest non-monetary awards such as plaques. Management should give prior approval to any vendor participation in Company awards.

8. Support for Company Meetings

Vendor support of internal Company meetings, functions, or conferences is discouraged. This includes the use of vendor-owned or subsidized office space, meeting rooms, or other facilities. Exceptions must be specifically approved in advance by the Ethics & Compliance Department.

9. Donations to Company Facilities

Vendor donations to Company facilities are discouraged. Donations of cash or cash equivalents are prohibited. Donations of limited amounts of free samples of a vendor's product for evaluation by patients or staff are permitted if approved in advance by the management in accordance with guidelines approved by the Legal Services Department.

10. Distribution of Vendor Materials

Vendors are not permitted to distribute advertisements or information on their products in Company facilities unless such items are approved prior to distribution by management. Generally, only materials which educate patients concerning

their health, and are not advertisements for particular products, should be permitted.

11. Vendor Advertisement in Company Publications

Vendors are permitted to purchase advertisements in Company publications designed primarily for distribution to the public or other persons external to the Company, if the Company receives no more than fair market value for such advertisements. Fair market value may not exceed what non-vendors pay for similar advertisements. Publications that contain only advertisements paid for by Company vendors are not appropriate.

Vendor advertisements are not permitted in publications designed primarily for internal Company distribution.

12. Circumvention of Policies

Vendors and Company employees may not attempt to circumvent the application of this policy or other policies by furnishing or accepting items or support to Company facilities, employees, or patients through third parties. Employees should not request vendor support for an activity that is not permitted by this policy. Vendors should report such requests to the Ethics & Compliance Department.

GUIDELINES

n/a

REFERENCES

n/a

NOTES

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