

	Relationships with Industry	Corporate Policy & Procedures Manual
		Policy No. III-20
SLT Sponsor: Chief Executive Officer Policy Lead: Chief Mission & Ethics Officer		Date Approved April 22, 2019
		Date Effective April 30, 2019
		Next Review (3 years from Effective Date) April 2022

Purpose The purpose of this policy is to provide direction and an ethical framework for managing relationships with industry to ensure integrity of professional and clinical decision-making.

Policy Statement Covenant Health acknowledges the role of industry in advancing scientific knowledge and excellence in health care through development and marketing of new pharmaceutical products, medical technologies, devices and equipment, as well as hosting sponsored educational events, research activities, and staff training. Interaction with industry and vendor representatives is an integral part of day-to-day health care business.

However, it is expected that relationships with industry will not inhibit the exercise of independent, objective and evidence-based professional and clinical judgment, or risk placing personnel within a conflict of interest. Given that industry also has competing shareholder and market interests, it is not improbable that health care personnel may experience from time to time overt or subtle pressure in their interactions with industry representatives, inhibiting exercise of professional and clinical judgment.

This policy therefore requires Covenant Health personnel to uphold the highest ethical standards in their relationships with industry, in keeping with their professional obligations and the fiduciary responsibilities they owe patients, resident and clients.

Applicability This policy applies to all Covenant Health facilities, staff, members of the medical staff, volunteers, students, board members, and to any other persons acting on behalf of Covenant Health (“personnel”).

Responsibility It is the responsibility of Covenant Health personnel to abide by all legal, regulatory, contractual, ethical, and professional standards of conduct in their relationships with industry. This includes regular reflection on one’s behaviour regarding potential influences or pressures that might impact professional and clinical decision-making.

Covenant Health personnel also have the responsibility, at the time of commencing employment and subsequent performance evaluations, or annually, as part of determined by their position in the organization, and at any time in which a conflict of interest may arise, to sign off on the Code of Conduct, *Our Commitment to Ethical Integrity*, and to disclose actual, potential or perceived conflicts of interest in their interactions with industry as per policy #III-15, *Conflict of Interest*.

Principles

Exchange of gifts and favours (including entertainment) are part of ordinary human behaviour and business practices, and are not, in themselves inherently wrong. Business gifts can build goodwill and strengthen business relationships. Our Covenant Health value of *collaboration* assumes that there will always be a give and take in any relationship, and by working respectfully together with industry can help achieve mutually beneficial ends, including the furthering of our mission and vision in provision of quality health care.

What is problematic is when receipt of gifts, no matter how nominal, can influence or compromise professional or clinical judgment. This policy is based on the following principles and approach, including the gifting thresholds described below under Procedure, that have at their end:

- Preserving personal and professional judgment and integrity;
- Protecting the reputation of personnel, departments, and the organization;
- Mitigating even the appearance or perception of ethical compromise and scandal;
- Aligning with the Covenant Health mission, vision, values, ethical framework and *Our Commitment to Ethical Integrity* (code of conduct);
- Ensuring objective, scientific inquiry and research integrity, relying on appropriate funding sources that allows for exercise of independent judgment in designing and conducting research, and reporting study results;
- Promoting honest disclosure and managing actual, potential or perceived conflicts of interest;
- Reporting breaches to reduce future error and to promote shared learning/support;
- Upholding freedom to decline involvement with vendors now or in the future;
- Honouring all professional, regulatory, legal, contractual, tendering and procurement requirements and agreements;
- Ensuring participation in an activity or accepting anything does not give a vendor an unfair advantage or bias (real or perceived) or interferes in the Request for Proposal (RFP) process;
- Taking pro-active positions to positively influence industry behaviour.

Exercise of a Prudential Judgment

The above principles require exercise of a prudential judgment to weigh the benefit and risk of any action taken by personnel in their relationship with industry. Developing good judgment comes with experience, including those times when a person may have acquiesced to industry influence, or exerted influence themselves in the conduct of their work.

Practically speaking, this means it will be unrealistic to completely insulate oneself from all influences, whether it may come in the form of a gift, compliment, or personal favour. As social beings, we will always need to evaluate whether our actions are free from influence. It also implies that we are more likely to preserve personal and professional integrity by paying attention to our behaviour in everyday matters, which can serve to strengthen personal resolve when facing more significant pressures.

It is in this way that we act with prudence – reflecting on the consequences of our actions *before* committing to acting. It also means reflecting on our actions *after* and being honest with oneself when boundaries may have been compromised, reviewing under what circumstances, and by what particular influences.

Judging actions for their rightness or wrongness also implies we are honest with ourselves about our inner experience. It is hard to convince oneself that we acted correctly when lingering doubt, guilt or anger suggests otherwise. Exercise of a prudential judgment is possible only if we are committed to honesty, and be willing to ask questions of ourselves and others without blame.

Covenant Health's value of *integrity* supports this honest inquiry and commitment to a culture of discovery and improvement, whether it be learning from an adverse medical event, or learning from a vendor gift giving exchange that brings about a similar error in judgment.

Example areas of risk noted in the literature requiring honest inquiry, transparency and ongoing reflection by Covenant Health personnel in their interactions with industry include:

1. Disclosure – disclosing and managing all outside relationships with industry;
2. Gifts – accepting some or all gifts from industry representatives, especially if they violate contractual arrangements or create a level of influence otherwise not available to other vendors. Covenant Health's Conflict of Interest policy stipulates maximum one-time and annual gifting thresholds from single source vendors and for single event attendance (see, *Conflict of Interest*, III-15);
3. Distribution of drug or product samples and devices, including pre-market samples – ensuring their age-related quality, tracking, dispensing and security;
4. Marketing – defining what kind of promotional materials and giveaways on visible items (i.e., crib cards, measurement tapes, discharge teaching materials) begin to influence decision-making or compromise perception of professional, scientific and institutional integrity;

5. Meals and hospitality – questions around the type, setting, locale and costs of meals, and whether they violate existing contractual arrangements, interfere with RFP processes, or create an unfair vendor advantage or bias;
6. Site access – whether granting access of industry representatives to direct clinical areas or senior management tables is appropriate, for what purposes and under what circumstances;
7. Industry-sponsored programs and events – how financial support should be provided (i.e., Grant-in-Aid) and boundaries in determining speakers, content, continuing education credit, or locale of events;
8. Ghostwriting – ensuring publications are not written in whole or in part by industry representatives.

While this is not an exhaustive list, there is an expectation that Covenant Health personnel are able to articulate, and defend, the rationale for their behaviour and why it does not pose a risk to the reputation of the organization, or constitute a conflict of interest. It is also expected that all Covenant Health personnel abide by the established gifting thresholds under the *Conflict of Interests* policy, III-15, as described below.

Procedure

1. Review the relevant questions found in the *Appendix* to help inform and exercise a prudential judgment regarding the specifics of any industry relationship issue that might compromise professional and clinical decision-making integrity.
2. Review all professional standards and codes of conduct, including contractual, tendering and RFP requirements, internal audit controls and other regulatory practice guidelines (i.e., *Revenue Canada*) as relates to relationship with industry issues.
3. Review Covenant Health policy as regards Code of Conduct (*Our Commitment to Ethical Integrity*) and Conflict of Interest, specifically, as regards gifting thresholds. These thresholds stipulate:

Covenant Health personnel shall not accept fees, gifts or other benefits that are connected directly or indirectly with the performance of their office or duties, from any individual or organization other than:

- The normal exchange of gifts between friends;
- The normal exchange of hospitality between persons doing business together;
- Tokens exchange as part of protocol; or
- The normal presentation of gifts to persons participating in public functions, awards, speeches, lecture, presentations or seminars.

Acceptance of cash or cash equivalents as a gift is strictly prohibited.

The value of a single tangible gift permitted shall not exceed \$100. The cumulative maximum cash value limit for tangible gifts permitted from a single source vendor in a

calendar year is \$200.

The value of a single event invitation permitted shall not exceed \$500. The cumulative maximum cash value limit for event invitations permitted from a single source in a calendar year is \$1000.

The following are examples of situations where the above restrictions on gifting will not apply:

- a. Items offered pursuant to value-added provisions of vendor contracts awarded pursuant to Covenant Health's procurement policies. For example, professional development sessions for IT or insurance education by contracted vendors if set out explicitly in the contract.
 - b. Scholarships or bursaries for the purposes of continuing education.
4. Regardless, all gifts received should nevertheless be disclosed and appropriately managed. For example, pooling all honoraria in a staff education fund, trust or foundation account that benefits the entire team and organization, versus individual personnel, especially when personnel may have already been compensated by the organization for their time preparing for, or actually providing the service (see also *P/P Conflict of Interest*, III-15)
 5. Consult with immediate supervisors, managers or other appropriate personnel to help determine if industry relationships are of an actual, potential or perceived conflict of interest.
 6. If necessary, seek an organizational ethics consultation through the Office of Mission, Ethics and Spirituality.

Definitions

Conflict of Interest:

A divergence between a person's own and/or their family's personal, financial or business interests and the person's professional obligations to Covenant Health such that an independent observer might reasonably question whether the person's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. This definition extends to actual, potential and perceived conflicts of interest.

Gifts

Any item of value, regardless of amount, provided free of charge and not part of a contracted purchase, including, but not limited to: pens, notepads and other promotional items, stethoscopes, journals, textbooks, drug samples, honorariums, educational sponsorship, meals and hospitality, liqueur, tickets to sporting or other events, etc.

Industry

Any vendor conducting business with Covenant Health personnel including, but not limited to: pharmaceutical, device or other medically related companies; developers, construction and trade companies; benefit carriers, financial institutions, telecommunication and marketing vendor, etc.

Industry Support

The provision of support by industry to Covenant Health in the form of funds, goods, or services provided in kind for the purposes of education, training, quality improvement, research and other initiatives sponsored by Covenant Health.

Personal Benefit:

A benefit beyond the normal terms of the relationship with Covenant Health, to the person, their family and/or any business interest of the person, or their family, or the granting of special considerations or advantages by Covenant Health personnel to selected individuals, groups or businesses.

Related Documents

Covenant Health Policies/Procedures:

- III-15, *Conflict of Interest*
- I-30, *Ethical Decision-Making Framework*
- III-70, *Disclosure of Wrongdoing and Protection of Persons who Disclose Wrongdoing*
- III-35, *Building a Just Culture*

Covenant Health's Code of Conduct – *Our Commitment to Ethical Integrity Health Ethics Guide* http://www.chac.ca/ethics/Health%20Ethics%20Guide_2013.pdf (Accessed April 8, 2019)

Covenant Health Mission Discernment Tool Compliance and Business Ethics, Covenant Health CLiC e-learning program, See: https://covenant.sabacloud.com/Saba/Web_spf/PRODTNT038/common/ledetail/cours0000000003180 (Accessed April 8, 2019)

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- "Vendor Relations Guide for 'Doing Business with Alberta Health Services (AHS)'," *Alberta Health Services*, (April, 2010).
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Appendix

While policy, ethics guidelines and code of conduct documents can help define expected behaviour, no written document can ever capture every possible situation or nuance question. In keeping with our tradition in Catholic health care, we commit to deepening our organizational capacity for ethical reflection, and the mature exercise of a professional and prudential judgment to address specific matters and situations.

Insofar as Personnel are free to ask questions, to learn from their experience, and to support one another in exercise of their duties and judgment, we promote an ethical culture that can flourish despite the reality of individual human error and the many competing pressures we encounter in our day-to-day work.

Application and Questions for Reflection

Giving or Receiving Gifts

Exchange of gifts during the holiday season and the solicitation of gifts and promotional items for golf tournaments and other fundraising events are widespread practices in our culture. To completely refrain from any form of gift exchange or attendance at industry sponsored events or solicitation of prizes for fundraising events is also unrealistic. Along with established gifting thresholds, this policy also recommends instead ongoing reflection to deepen understanding of why such thresholds are relevant and help uphold our shared commitment to ethical integrity, based on the following questions:

- Does receipt of the gift create a level of influence that would otherwise not be available to other vendors? Does the gift violate existing contractual arrangements or risk interfering with a Request for Proposal (RFP) or procurement processes?
- Can the gift be freely reciprocated? For example, going for lunch in a modest priced restaurant with a client where parties each take turn paying, or exchanging food baskets, is acceptable;
- Can the gift benefit a neutral third party? For example, gifts made on behalf of the recipient to a third party charitable organization minimizes the perception of influence and helps promote Covenant Health's value of *social justice*;
- Is the gift appropriate? Gifts of tobacco (except when as part of cultural protocols) or alcohol are prohibited or any other lewd joke item that may be discriminatory, sexual, or defacing of any person's character or dignity;
- Can the price or content of the gift be disclosed publicly without reservation? If there is any hesitation in disclosing the gift then it probably is already of a compromising nature;
- Can the parties agree in advance as to how best to acknowledge gratitude for one another's relationship *before* the seasonal events begin? Have this conversation periodically to prevent awkward situations, while also using the opportunity to reinforce preferred new gifting practices to set a Covenant Health standard.

Disclosing and Managing Conflict of Interest

Covenant Health's code of conduct expects "we will declare conflicts of interest and abide by legal, legislative and ethical conduct in all our business dealings as model corporate citizens" (*Our Commitment to Ethical Integrity*, Social Justice, p. 5). The statement acknowledges that some conflicts of interest are unavoidable given past, present or future relationships with vendors, but they must be disclosed and appropriately managed.

The challenge to conduct ourselves as model corporate citizens implies we will not give in to "what everybody else does," but rather be leaders in defining new practices that promotes social justice and integrity. This can be done by asking:

- Can my relationship with the vendor, or the circumstances/setting in which we are together be construed as inappropriate or influential? Can it result in the disqualification of the vendor from a RFP process for inappropriate actions or communications? Set clear boundaries about when and where business will be conducted;
- Has there been any change in the vendor relationship that must be disclosed? Renew conflicts of interest declarations and disclose with peers and vendors on an annual or as need basis;
- Is there a need to remove oneself from the decision-making process because of a conflict of interest (actual, potential or perceived)? Disclose and note this for the minutes, and look at the possibility of trading lead role on projects to maximize utilization of staffing resources when known conflicts may preclude someone's involvement (see also *Covenant Health Mission Discernment Tool*, p.21);
- Is there capacity to disclose and discuss situations where compromise has occurred, and the potential for shared learning regarding risks, triggers, and mitigating strategies? Making this a regular departmental practice will provide support, especially when team members may be individually and privately pressured;
- Is there agreement among the team regarding definition of "nominal" courtesy gifts, and willingness to work within those norms? The lowest common denominator should be pursued. While donuts or hockey tickets may be fine for some staff, it may not be for others. Agree as to what that threshold will be and periodically revisit. Clearly communicate what the standards of practice are to vendors in writing and post clearly in the department and at time of tendering process.

Participation in industry sponsored events

Social events such as golf tournaments, ribbon cutting events and other celebrations are occasions to build relationship. It is customary working together with vendors on a major project for months or years to celebrate the completion, and to acknowledge the positive working relationships and ongoing service commitments upon which both parties depend. General considerations regarding the type of social event and setting as far as taste, setting, costs, and optics should be carefully evaluated.

Advertising Covenant Health's name and staff presence at such public relations events also carries the responsibility that institutional and personal reputation be upheld. While it is difficult to anticipate every possible scenario, the following questions should apply:

Relationships with Industry	Date Effective April 30, 2019	Policy No. III-20	Page 10 of 10
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- Is there any risk in compromising personal or professional reputation if the event and the costs associated with it were made public? Choosing to participate or not will reinforce future norms, and a prudential judgment has to be made whether a clear boundary is required;
- Can such an event be reciprocated? For example, participating in one another's golf tournament, and reciprocating the type and price of donated gifts;
- Will there be negative consequence by not attending as far as reputational damage? If so, are there other ways to manage around this through alternative venues?

This policy and appended reflection questions will be enriched through unit/department level discussion and feedback, to create a regular forum to evaluate business practices. It is the intent of this policy to help Personnel uphold professional and personal integrity, and not serve as a judgment of past industry related practices that were followed by custom and done in good faith.

The evolving ethical debate regarding relationship with industry in the health care environment requires candid conversation and courage.