

## GIFT, TICKET AND HONORARIA POLICY

### I. PURPOSE

- A. The purpose of this policy is to ensure Salinas Valley Memorial Healthcare System (SVMHS) Board Members, leaders and staff members comply with external regulations and internally established standards regarding the receipt and provision of gifts, tickets and honoraria. Except as set forth in Section I.C. and I.D. below, this policy covers gifts to and from internal and external parties including individuals, businesses and organizations. The policy also governs SVMHS's further distribution of tickets and passes (e.g., to sporting, cultural and community events) that are gifted to SVMHS, and SVMHS' acceptance of payments or reimbursements related to speaking or appearing at professional or educational events. SVMHS has certain clinics under its license and these clinics, while not operated by SVMHS, adhere to this policy.
- B. Gifts, tickets and honoraria can be perceived tools to influence SVMHS decisions and patient care, and can erode public confidence and the impartiality of decisions made by public officers, officials and employees. This policy has been adopted to guard against even the appearance of impropriety in all aspects of SVMHS's programs, services and administration. Furthermore, this policy is intended to prevent the perceived obligations of reciprocity that can arise from the giving or accepting of gifts, tickets and honoraria.
- C. This policy does not address Salinas Valley Memorial Hospital's provision of gifts and other business courtesies to physicians and other potential referral sources for the hospital.
- D. This policy also does not address Salinas Valley Memorial Hospital's provision of gifts and other business courtesies to patients or potential patients.

### II. POLICY

- A. **Federal Anti-Kickback Statute:** It is the policy of SVMHS to ensure full compliance with the federal anti-kickback statute, which prohibits the acceptance of any item of value (remuneration) made directly or indirectly, in cash or in kind, that may induce or reward the referral of federal or state health care program business (Medicare). The unlawful acceptance of any gifts or business courtesies from vendors or others with whom SVMHS presently conducts business – or potentially could conduct business – is strictly prohibited.

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**B. State Gift Laws:** Directors, Officers and designated employees of SVMHS identified in the District's Conflict of Interest Code or covered by Government Code section 87200 (including public officials who manage public investments) are subject to State laws regarding the receipt and disclosure of gifts as set forth in the Political Reform Act (at Government Code Section 89503) and the FPPC Regulations. These minimum requirements are not altered by this Policy.

1. The following table applies to individuals in positions designated by the Conflict of Interest Code:

Disclosure Category	Prohibited from receiving gifts totaling > \$470 from
Required filers and 1, 2	Any single source in a calendar year
3	Any single source that provides services, supplies, materials, machinery, or equipment of the type utilized by the district
4	Any single source that is a type to receive grants or other moneys from or through SVMHS.

2. These annual limits shall automatically increase or decrease consistent with modification to the gift limit established by the FPPC every two years.

3. This Subsection B shall not be interpreted to permit receipt of Gifts prohibited under any other provision of this Policy, such as Subsection A, above.

**C. Perishable Items:** It is the policy of SVMHS that any department, clinical unit, or clinical practice may accept modest, unsolicited perishable gifts such as floral arrangements, cookies, candy or similar food items of \$100 or less per occasion, to be shared by staff members and, where possible, made available to the public. All gifts from a single source (company or individual) are subject to an annual aggregate annual limit of \$300.

**D. Gifts to Agency:** It is the policy of SVMHS that gifts received by SVMHS or any part thereof, which are then distributed to or used by individual recipients must be used for official agency business, and must be distributed and reported as required under the Political Reform Act and FPPC Regulations.

**E. Solicitation of Gifts:** It is the policy of SVMHS that an employee may not solicit (i.e., ask for or request) gifts unless authorized to do so for approved hospital functions, fundraisers or special events. Requests for authorization to solicit gifts will be made in writing to the Director of the Human Resources.

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- F. **Gifts Between Employees:** It is the policy of SVMHS that gifts of a personal nature between employees are permitted, provided hospital funds are *not* utilized.
- It is further the policy of SVMHS that gifts between employees that are related to a person's employment at SVMHS (e.g. for Secretary's Day, Nurses Week, etc.) are permitted, provided they are customary for the occasion, are of reasonable value given the circumstances and the persons' positions in the organization, and hospital funds are *not* utilized.
- G. **Tickets and Passes:** All Tickets and Passes received by SVMHS shall be distributed and reported in accordance with this policy and relevant FPPC Regulations.
1. Tickets and Passes that are provided to a SVMHS board member or official designated in the conflict of interest code are not considered "Gifts" to the official under State law when they are received and distributed by SVMHS in compliance with related FPPC Regulations and this Policy.
  2. When Tickets and Passes are provided by a third-party so that the recipient can perform a ceremonial role or function on behalf of the hospital, as further described in related FPPC Regulations, such Tickets and Passes are not considered "Gifts" under State law, though such Tickets and Passes must still be reported by SVMHS.
  3. A ticket or pass will not be considered a gift to the recipient when it is provided directly to the recipient from a third-party when the giver and receiver treat the ticket or pass as income consistent with applicable state and federal income tax laws.
- H. **All Other Gifts:** It is the policy of SVMHS that gifts other than those described in paragraphs D through G, above, may not be accepted in the performance of any officer or employee's duties or responsibilities. This includes gifts from patients, family members of patients, vendors or business associates.
- I. **Honoraria:** It is the policy of SVMHS to comply with the Political Reform Act and FPPC Regulations regarding the receipt of honoraria. SVMHS Board members and those who manage public investments (individuals who are required to file statements of economic interests under Government Codes section 87200) are prohibited from receiving honoraria payments. Likewise, employees whose positions are designated under the SVMHS Conflict of Interest Code are

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prohibited from receiving honoraria payments from any source of gifts or income included in their disclosure categories set forth in the Conflict of Interest Code. Exceptions to the State's honoraria prohibitions for local officials, such as for income earned from a bona fide business or profession, shall apply to SVMHS officers and employees. (Government Code Section 89502.) Honoraria and reimbursements for event attendance when permitted shall be handled pursuant to the procedures set forth below.

### III. DEFINITIONS

- A. **“Executive Leader”** includes the following: President/Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Nursing Officer, Chief Medical Officer, Chief Strategic Communication Officer, Chief Human Resources Officer, and Chief Executive Officer of the SVMH Foundation/Philanthropy Officer of SVMHS.
- B. **“FPPC Regulations”** means the regulations adopted by the Fair Political Practices Commission in its role as the implementing and enforcement agency of the State's Political Reform Act. These implementations are set forth in title 2, Division 6, Sections 18109-18997 of the California Code of Regulations.
- C. **“Gifts”**: For purposes of this Policy, “Gifts” are defined and excepted as set forth in the Political Reform Act and FPPC Regulations, as they may be amended from time to time. Generally speaking, the Political Reform Act defines a “gift” as any payment or other benefit received (including food/drink, travel or travel expenses, services, and items of any type) that confers a personal benefit for which the recipient does not provide something (e.g., payment, goods or services) of equal value. This includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status.

Exceptions generally include, but are not limited to:

1. Informational materials such as books, reports, pamphlets, calendars, or periodicals.
2. Gifts which are not used and which, within 30 days after receipt, are either returned to the donor or delivered to a nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, without being claimed as a charitable contribution for tax purposes.

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3. Gifts from close family members (e.g., an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sister-in-law, brother-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person) unless the donor is acting as an agent or intermediary for any person not covered in this paragraph.
  4. Campaign contributions to an official, as long as they comply with and are properly reported in accordance with applicable campaign finance laws.
  5. Inheritance.
  6. Personalized plaques or trophies with an individual value of less than two hundred and fifty dollars (\$250).
  7. Gifts from long-term, close personal friends or friends or colleagues from business relationships unrelated to the recipient's role as a public officer or employee.
  8. Acts of neighborliness (e.g., picking up someone's mail or feeding a pet while the recipient is on vacation) or compassion (e.g., delivering food or flowers to someone in mourning).
  9. Food, shelter, or similar assistance received in connection with a disaster relief program. Benefits must be received from a governmental agency or charity and must be available to the general public
- D. **"Honoraria"** (plural form of "honorarium") include but are not limited to payments received for making a speech, publishing an article, or attending any public or private conference, convention, meeting, social event, meal or similar gathering.
- E. **"Immediate Family"** includes spouse; registered domestic partner; any child who can be claimed as a dependent for federal tax purposes; or a child who is aged 18 to 23 years old, attends school, resides with the recipient when not attending school, and provides less than one-half of his or her own support.
- F. **"Tickets" or "Passes"**: The Fair Political Practices Commission (FPPC), in interpreting the Political Reform Act, has established that "ticket" or "pass" means "admission to a facility, event, show, or performance for entertainment, amusement, recreational or similar purpose."

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### IV. PROCEDURE

As noted above, these procedures do not address gifts, tickets, or honoraria to physicians or other potential referral sources of Salinas Valley Memorial Hospital.

#### A. Giving and Receiving Gifts to or from Outside SVMHS in the Course of Business

1. **Receiving Gifts from External Parties:** Gifts from patients or patients' families should be discouraged. An employee who is offered a gift of cash or a cash equivalent should decline the gift or may suggest a donation to a charitable organization such as the SVMH Foundation or the Children's Miracle Network. However, if the employee has a reasonable belief that refusing to accept such a gift would have a detrimental effect on a patient or the Hospital System, the employee must report and forward the gift immediately to his/her Department Head. The following applies to all gifts received by employees or SVMHS in the course of business:
  - a. An employee who receives a gift will notify and forward the gift to his/her Department Head, who shall determine, in cooperation with the Director of Internal Audit and Compliance (Compliance Officer), whether State disclosures are required.
  - b. If a Gift is provided to SVMHS for distribution at the agency's discretion, the CEO shall distribute the Gift in accordance with FPPC Regulations. In such case, the hospital will maintain record of such gifts and the applicable FPPC form to document this information. If the Gift was provided other than for distribution at the agency's discretion, the Department Head will decide how to handle the gift under relevant FPPC Regulations, including allowing the employee to retain it, distributing it within the department (where feasible), or forwarding it to the Compliance Officer for proper disposition.
  - c. Gifts of minimal value such as pencils, desk calendars, and other promotional items may be distributed and used within the receiving department.
  - d. With prior approval of an Executive Leader, vendors may provide meals and other food to employees only when the vendor is providing significant education related to products or procedures, or when conducting informational business meetings and the venue is conducive to the educational purpose or meeting. Attendance

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records may be retained by the Department Head and forwarded to the Compliance Officer upon request.

- i. The total value of any meal should not exceed \$20 per attendee.
  - ii. Annual value of meals provided by a single vendor shall not exceed \$300 per year without prior approval an executive leader.
2. **Offering or Giving Gifts to External Parties:** Under limited circumstances, gifts may be given to external parties provided that they relate to business of SVMHS, are in SVMHS's best interests and are legally and culturally acceptable. In addition they should meet the following criteria:
- a. Cash gifts or cash equivalents, such as gift certificates, are prohibited.
  - b. The item is customary and does not create an appearance of impropriety.
  - c. Giving the gift imposes no sense of obligation on the part of either the giver or recipient.
  - d. Giving of the item is not concealed.
  - e. Giving of the item has been approved in advance and in writing by the relevant Department Head and communicated to the Compliance Officer.

### B. Giving and Receiving Gifts within SVMHS in the Course of Business

1. Gifts and cash equivalents, such as gift cards may be given to employees as incentives for program attendance, recognition of outstanding achievement or for other positive rationale.
2. If an employee receives a gift card of any specific dollar value (e.g. \$10.00 Starbucks Gift Card) from the organization the value (\$10.00) of such gift must be documented as income and taxed accordingly. This provision does not apply to coupons for specific items, such as a free drink or free meal, or discount coupons such as 10% off any purchase in the Cafeteria, Gift Shop or Starbucks.
3. If gift cards are approved for distribution from the department executive, the director is responsible to obtaining the names of employees receiving such gifts and providing the information to Accounting.

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### C. Ticket/Pass Distribution

This procedure section will provide procedures for the distribution of Tickets and Passes as required under State law, to ensure proper identification and use of 1) receipt of Tickets and Passes; 2) the “public purpose” to be achieved in distributing Tickets and Passes; 3) distribution of Tickets and Passes; 4) documentation and 5) public posting of the receipt and use of Tickets or Passes. Proper exercise of these procedures will exclude Tickets and Passes from required disclosure on individuals’ Statements of Economic Interests.

For the purposes of this section of the policy, “official” means all positions identified in SVMHS’s Conflict of Interest Code.

1. **Ticket/Pass Receipt Process:** All Tickets/Passes received by SVMHS shall be forwarded to the office of the President/CEO. Determination of whether to give the tickets/passes to the Foundation for use, or to distribute internally will be at the discretion of the President/Chief Executive Officer or their designee.
2. **Public Purpose:** The distribution of Tickets or Passes by SVMHS must be in furtherance of a “public purpose.” Examples of such public purpose:
  - a. To promote networking opportunities of officials with community stakeholders;
  - b. To evaluate SVMHS’s ability to attract business at the locale or event, and thus to contribute to the healthcare of the community in the future;
  - c. To reward an official, employee or hospital stakeholder for his or her exemplary service to the organization or to encourage staff development;
  - d. To promote attendance at a hospital-sponsored event or event held at the hospital in order to maximize potential from concession sales; or
  - e. To reward a hospital healthcare partner for its contributions to the healthcare system or the community.
3. **Distribution:** Tickets/Passes are distributed at the discretion of the President/Chief Executive Officer. Once distributed, tickets cannot be transferred by the recipient other than to members of the official’s



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immediate family. Gifts to an official's immediate family member are considered gifts to the official.

4. **Documentation:** The hospital will maintain record of all Ticket/Pass distribution, and the use of Tickets and Passes by SVMHS official for ceremonial purposes, as required by FPPC Regulations and utilizing FPPC Form 802, Agency Report of Ceremonial Role Events and Ticket/Pass Distribution, to document this information. The hospital must post the FPPC Form 802 within 30 days from the distribution of each Ticket or on its Internet site and send to the FPPC by email the website link. These forms are considered public records.

### D. Honoraria and Reimbursement for Professional/Educational Involvement

1. With the prior approval of the Executive Leader, employees who provide education at professional conferences and meetings may accept reimbursement for travel and hotel expenses for the date(s) of the presentation(s). Presentations must be professional and educational in nature and may not be for the sole purpose of product endorsement.
2. In such circumstances, unless prohibited above, honoraria of \$100 or less in value may be accepted from the host organization.

### V. DOCUMENTATION

- A. Department Heads will maintain records of all gifts given to employees of their departments when such gifts are to be reported under this Policy. Such documentation will include the type and value of each gift, the name and affiliation or position of recipient(s) and giver(s), the date of receipt and disposition, and method of disposition. All documentation will be made available to the Compliance Officer upon request.
- B. The Education Department will maintain documentation of education done in orientation or at annual compliance training. Department directors will maintain documentation of staff training meetings.
- C. Statements of Economic Interest (including gift disclosures under State law) will be handled in accordance with the SVMHS Conflict of Interest Policy.
- D. The Compliance Officer will maintain record of all ticket/pass distribution as required by FPPC Regulations, including copies of all completed FPPC Forms. The Compliance Officer shall be responsible for posting completed FPPC Forms on the SVMHS website when required by State law.

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### **VI. REFERENCES**

- A. The Medicare and Medicaid Patient Protection Act of 1987 (42 U.S.C. 1320a-7b) (Anti-Kickback Statute).
- B. Political Reform Act, California Government Code §81000 et. seq.
- C. FPPC Regulations, Title 2 of the California Code of Regulations, Division 6, §18109 et seq.

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Augustin S. Lopez, CFO

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Renée W. Jaenicke  
Director of Internal Audit and Compliance

Not Approved Yet

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Date

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03/23/2018

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Date

FORMULATION DATE:

7/02

LEGAL REVIEW:

1/13, 2/18