

<b>KS Plan Administrators</b>	<b>SUBJECT: Conflict of Interest</b>	<b>POLICY NO: CP 3 PAGE 1 of 5</b>
<b>Reference: Prescription Drug Benefit Manual, Ch. 9- Compliance Guidelines</b>		<b>DATE: September 2012 REVISION:</b>
<b>DISTRIBUTION: All Departments</b>		<b>FUNCTIONAL AREAS: All Departments</b>
<b>SUPERCEDES POLICY: N/A</b>		<b>REFERENCE/ATTACHMENT:</b>
<b>PREPARED BY: Johnathan Randle</b>		<b>DATE APPROVED: October 11, 2012</b>

## I. Goal

To ensure the integrity of decision made on behalf of KS Plan Administrators, LLC. The intent of this policy is met when decisions by KSPA office, directors, and employees are made fairly and objectively, with the interest of the organization in mind.

## II. Definitions

**Conflict of interest:** Competing personal and professional interest, whereby personal interest may be in conflict with professional roles and responsibilities.

**Personal interest:** Motivated by personal gain, which may involve financial interests, personal, relationships or activities outside of work.

**Financial interest:** Driven by the potential for personal financial gain. Financial interest may include stocks bonds, securities and other investments in which an individual, or someone with whom they have a personal relationship, has a financial stake.

**Personal Relationship:** Any relationship other than a professional one. Personal relationships have the potential to impact professional objectivity. Examples are the relationship you have with a spouse, relative, friend, romantic partner, someone who lives in your household or with whom you have a financial connection.

## III. Policy

KSPA employees shall strive to avoid conflicts of interest at all times. Business decisions made by KSPA employees must be, to the greatest practical extent, free of personal bias, interest or gain. When an employee's personal interests present actual or potential conflicts with the interests of the organization, or appear to conflict with the objectivity and integrity of professional roles and responsibilities, such interests shall be disclosed.

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<b>Procedure / Guidelines for Compliance</b>		<b>Responsible Party</b>
1.	<p><b>Key Standards of Conduct: Duty of Loyalty and Duty of Care</b></p> <p>All officers, directors, corporate members, and employees have affirmative duties of <i>loyalty</i> and <i>care</i> to KSPA. The <i>duty of loyalty</i> is the obligation to give primacy to the interests of KSPA rather than personal concerns – to avoid self dealing at the corporation’s expense. The <i>duty of care</i> is to act in good faith, in a manner that is reasonably believed to be in the best interests of KSPA, with the care a reasonably prudent person would use in similar circumstances. Together, the duties of <i>loyalty</i> and <i>care</i> frame the requirements for proper conduct of business affairs and avoidance of conflicts of interest.</p>	All KSPA Employees
2.	<p><b>Screening</b></p> <p>Members of KSPA’s governing body, members of the Pharmacy &amp; Therapeutics Committee and senior leadership must be effectively screened for conflicts of interest through a certification, attestation, or other means.</p> <p>Screening for conflicts of interest shall occur at the time of hire and annually thereafter.</p> <p>The screening for conflicts of interest should determine:</p> <ul style="list-style-type: none"> <li>A. Whether the individual has reviewed KSPA’s conflict of interest policy,</li> <li>B. Whether the individual has disclosed any potential conflict of interests and</li> <li>C. Whether the individual has obtained management approval to work despite any conflicts, or has eliminated the conflict.</li> </ul>	All KSPA Employees
3.	<p><b>Disclosure, Assessment and Action</b></p> <p>Conflicts of interest shall be disclosed by the employee involved in the conflict (self-disclosure) or by other employees who become aware of the situation.</p> <p>Disclosure should be to a member of management who can objectively assess the situation.</p> <p>Each situation will be assessed on a case-by-case basis to determine if personal interests are compromising, or have the potential to compromise, professional integrity. Not every situation involving competing personal and professional interests will warrant action.</p> <p>For conflicts of interest that warrant action, such action will be taken to protect the interests of the organization.</p>	All KSPA Employees
4.	<p><b>Identifying Conflicts of Interest</b></p> <p>The following activities illustrate types of potential or</p>	Compliance Officer

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<p>actual conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this policy. The list is not all inclusive and is intended to provide guidance.</p> <p><b>A. Purchasing and Contracting</b> – Purchasing and contracting decisions should be based on vendor history, quality, service, price and other factors necessary to advance the interests of the organization. Individuals who have the ability to make or influence a purchasing or contracting decision should be free of personal bias or gain. Personal relationships with a potential vendor or contractor, financial interests, gifts or favors received and other forms of influence should be disclosed. When a conflict of interest warrants action, there may be exclusion from the selection, negotiation, purchasing and contracting process.</p> <p><b>B. Staffing</b> – Staffing decisions should be based on academic credentials, skills, experience, professional qualifications and achievements and other factors necessary to excel in the role. Individuals who have the ability to make or influence staffing decisions should be free of personal bias or gain. Staffing decisions involving immediate family members, relatives and other individuals where a personal relationship exists should be disclosed. When a conflict of interest warrants action, there may be exclusion from the screening, selection or hiring process, career development, advancement and other staffing decisions.</p> <p><b>C. Gifts and Gratuities</b> – KSPA employees do not accept or give entertainment, favors, gifts, or any other things of material value that are designed or intended to obtain preferential treatment in a business transaction. Gifts and gratuities received should be disclosed and include, but are not limited to, discounts, loans, meals, entertainment, tuition, seminars and conferences.</p> <ul style="list-style-type: none"> <li>• Employees should never act in a manner that would place any person or business in a position where they may feel obligated to make a gift, provide entertainment, or provide personal favors in order to do business with KSPA in any way.</li> <li>• Kickbacks and bribes are unlawful and prohibited in all situations. Gifts of nominal value generally may be accepted, unless a particular KSPA department has a more restrictive policy. Gifts of any significant value (generally, over \$200) should</li> </ul>	<p>Compliance Committee</p> <p>KSPA Management</p>
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	<p>be declined or returned and should be reported to a supervisor or manager. Employees with questions or in need of guidance are encouraged to talk to their supervisor or manager, or contact the Compliance Officer.</p> <p><b>Corporate Assets</b> – The privilege to access and use corporate assets is granted to advance the interests of the organization and should not be abused for personal gain. Employees may not use KSPA’s assets for personal benefit or personal business purposes.</p> <ul style="list-style-type: none"> <li>• Financial, personal and other incentives to misuse cash, property, equipment, supplies and other company resources should be disclosed.</li> <li>• Company expenditures for professional memberships and education should be disclosed. When such expenditures do not enhance the performance of professional responsibilities for the organization, they may be considered waste and abuse of corporate assets.</li> <li>• Company discounts and other benefits extended to organizations and individuals, including prospective and current customers, should be disclosed. When such benefits are based on personal relationships or for personal gain, and do not advance the interests of the organization, they may be considered waste and abuse of corporate assets.</li> <li>• Waste or abuse of corporate assets may result in disciplinary action.</li> </ul> <p><b>Information Integrity</b> – The management and communication of information should be free of personal bias or gain. Employees may not disclose or use any confidential information, such as employee data, financial data, payer information, computer programs, and patient information, for their own personal or business purposes.</p> <p><b>Outside Activities</b> – Outside activities that may conflict with professional roles and responsibilities should be disclosed and include, but are not limited to, serving on competitor boards, working for competitors, ownership in a competing business, investments in competitors, political activities and contributions, or activities that go against the core values of the organization.</p> <ul style="list-style-type: none"> <li>• Employees considering a second job, a consulting engagement, or healthcare-related investment,</li> </ul>	
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	<p>should review their plans with their department director for approval. Approval in advance is required before beginning such a task.</p> <ul style="list-style-type: none"> <li>• As a general rule, employees should not have other employment or business interests if: <ol style="list-style-type: none"> <li>1. The employee appears to represent KSPA.</li> <li>2. The employee provides goods or services similar to those KSPA provides or is considering,</li> <li>3. The other job interferes with their everyday duties as a KSPA employee.</li> </ol> </li> <li>• KSPA employees may not work for, consult to, or have an independent business relationship with any of the KSPA's service providers, vendors, competitors, or third party payers.</li> </ul> <p>Participation in social or political activities is not restricted as long as such participation is on an individual basis and not as a representative of the KSPA. For example, KSPA's logo may not be associated with political or social club advertisements. Employees may not engage in activities or make representations that could be perceived as KSPA endorsement of, or association with, a particular social or political group, activity, or position.</p>	
5.	<p><b>Circumstances not Expressly Addressed in this Policy</b></p> <p>This policy cannot describe all possible situations in which conflict of interest involving KSPA may arise. Therefore, KSPA employees must use good judgment to avoid any appearance of impropriety. Appropriate circumstances may justify exceptions to the application of the policy. Employees who have questions about this policy or its application to a specific situation should seek advice from their supervisor or manager, the Compliance Officer, or Legal Counsel prior to taking action.</p>	All KSPA Employees
6.	<p><b>First-Tier, Downstream, and Related Entities (FDRs)</b></p> <p>KSPA must also ensure that FDRs effectively screen their governing bodies and senior leadership for conflicts of interest.</p>	Credentialing