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SUBJECT:

VENDOR CONSULTING AGREEMENTS, SPEAKING ENGAGEMENTS AND HONORARIA

SCOPE:

This policy applies to all employees (including physicians and residents), officers, directors and trustees ("Covered Persons") of Fletcher Allen Health Care, Inc. and its subsidiaries, including Fletcher Allen Provider Corporation ("FAHC").

PURPOSE:

This policy is intended to expand on other FAHC policies related to Vendor relations, including the FAHC Conflict of Interest Policy and the FAHC Policy on Gifts, Gratuities and Business Entertainment, and to provide specific guidance with regard to consulting agreements with Vendors and Honoraria paid by Vendors to Covered Persons.

GENERAL POLICY STATEMENT:

Covered Persons are expected to uphold the highest professional standards in interactions with Vendors and to avoid any transaction or business arrangement with a Vendor that could improperly influence decision-making or patient care. Accordingly, a Covered Person may not enter into a Consulting Agreement with a Vendor or accept a Honorarium from a Vendor, except in compliance with this Policy.

DEFINITIONS:

In this policy, the following terms shall have the meanings indicated:

"Consulting Agreement" means any oral or written agreement between a Covered Person and a Vendor to provide services to the Vendor for a fee.

"Covered Person" has the meaning defined in the Scope section of this Policy above.

"Honorarium" means any payment by a Vendor to a Covered Person for speaking engagement or attendance a meeting or conference.

“Vendor” means any representative of a manufacturer or company, including a distributor, engaged in soliciting, marketing, or distributing products or information regarding medications, products, equipment or services. This includes representatives of manufacturers or companies that are already doing business with FAHC in any capacity and those that may be seeking to do business with FAHC.

HONORARIA AND EXPENSES FOR SPEAKING ENGAGEMENTS:

Covered Persons may not accept an Honorarium from a Vendor, unless the amount of the Honorarium is not excess of the fair value of specific services rendered by the Covered Person to the Vendor. A Covered Person may accept reimbursement for reasonable travel, lodging, and meal expenses incurred in connection with speaking engagements by the Covered Person.

VENDOR SPEAKER BUREAUS

Covered Persons should not serve as members of speakers bureaus for pharmaceutical or device manufacturers, if the speakers bureau is simply an extension of the manufacturers' marketing apparatus, and general, should not function as paid marketers or spokespersons for medicine-related industries.

CONSULTING AGREEMENTS:

Covered Persons may not enter into a Consulting Agreement or any other arrangement with a Vendor involving payments by the Vendor for services, unless the following conditions are satisfied:

- a. The arrangement is set out in writing (this can be a contract, email or letter).
- b. The written agreement covers all of the services to be provided.
- c. The compensation is set out in advance.
- d. In general, the term of the agreement should be for no less than one year.
- e. There is legitimate need for the services.
- f. The services are actually provided.
- g. The compensation is not in excess of fair market value, that is, what consultants with similar experiences and credentials would charge. (For physicians, the Stark law requires that the hourly rate you are paid should be less than or equal to the average hourly rate for emergency room physicians in the relevant physician market, provided there are at least three hospitals providing emergency room services in the market or if not, then the hourly rate should reflect the 50th percentile national compensation level for physicians with the same physician specialty. If you have questions about whether you are being offered an appropriate hourly rate, contact the General Counsel's office.)
- h. The compensation is not determined in a manner that takes into account the volume or value of any referrals or other business generated.
- i. All these facts are documented prior to payment.
- j. The consulting services are limited to occasional occurrences; and
- k. The Consulting Agreement is reviewed and approved in advance by the Office of General Counsel.

Compensation given for “consulting” that involves attending meetings or conferences of Vendors in a primarily passive capacity is inappropriate. Covered Persons may not accept compensation from Vendors for marketing activities such as speaking, research, preceptor, “shadowing” arrangements or time spent listening to sales reps marketing their products. Such payments are prohibited even if characterized as “consulting” fees, if no substantial work is required or if the employee performs only minimal services such as completing paperwork or accessing a website.

DISCLOSURE: Covered Persons must disclose all Honoraria, all Consulting Agreements and all payments for services from Vendors in writing under the FAHC Conflict of Interest Policy.

REFERENCES

Health Industry Practices That Create Conflicts of Interest: A Policy Proposal for Academic Medical Centers. Brennan T, Rothman D, Blank L, Blumenthal D, Chimonas S, Cohen J, Goldman J, Kassirer J, Kimball H, Naughton J, Smelser, N, JAMA 2006; 429-433.

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