



ALLIANCE FOR BETTER HEALTH, LLC HEALTHY ALLIANCE IPA, LLC CONFLICT OF INTEREST POLICY

Alliance for Better Health, LLC and Healthy Alliance IPA, LLC (the "Organization"), adheres to the highest standards of ethical conduct in governance and operations to ensure that Related Parties do not have or give the appearance of having Conflicts of Interest and do not use their relationship with the organization for impermissible private benefit. An appearance of a Conflict of Interest exists when a reasonable person would conclude that a decision is being made based on personal interests rather than in the best interests of the organization.

The organization has adopted this Conflict of Interest Policy (this "Policy") to identify and limit the effect of any possible conflict between the personal interests of Related Parties and the interest of the organization. The purpose of this Policy is to ensure that decisions about corporate operations and the use and dispositions of corporate assets are made solely in terms of benefits to the organization and are not influenced by any private profit or other personal benefit to the Related Parties affiliated with the organization who take part in the decision.

Administration

The board of managers shall adopt, oversee and administer this Policy. The Board of Managers shall review this Policy periodically to ensure compliance with applicable state and federal laws. Questions about this Policy may be directed to the Secretary or designated compliance officer at (518) 701-2200 or tom.mccarroll@abhealth.us.

Definitions

A "Related Party" is defined as the following:

- (a) Any individual who currently serves as:
 - (i) a voting member of the board of managers of the organization or any Affiliate;
 - (ii) an officer of the organization or any Affiliate
 - (iii) a Key Person of the organization or any Affiliate; or any other person who exercises the powers of managers, officers, or Key Persons over the affairs of the organization or any Affiliate.

- (b) Any Relative of those persons listed in (a) above. A "Relative" includes: spouse; domestic partner as defined in New York Public Health Law Section 2954-A; ancestors; brothers and sisters (whether whole or half-blood); children (whether

natural or adopted); grandchildren; great-grandchildren; and spouses or domestic partners of brothers, sisters, children, grandchildren, and great-grandchildren.

(c) Any entity in which an individual listed in (a) or (b) has a Controlling Interest. A Controlling Interest is defined as:

- for corporations, ownership (directly or indirectly) of more than 35% of the combined voting power;
- for partnerships or personal service corporations, ownership (directly or indirectly) of more than 5% of the profits interest; and
- for trusts or estates, ownership (directly or indirectly) of more than 35% of the beneficial interest.

"Key Person" includes any person, *other than a manager or officer*, whether or not an employee of the organization (i.e. CEO), who:

- (a) has responsibilities, or exercises powers or influence over the organization as a whole similar to the responsibilities, powers, or influence of managers and officers;
- (b) manages the organization or a segment of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, which for these purposes shall be ten percent (10%); or
- (c) alone or with others controls or determines a substantial portion of the organization's capital expenditures or operating budget, which for these purposes shall be ten percent (10%).

"Affiliate" is any entity controlled by, or in control of, the organization.

A "Related Party Transaction" is any transaction, agreement, or other arrangement in which a Related Party has a financial interest and in which the organization or any Affiliate of the organization is a participant.

The following shall not be considered a Related Party Transaction:

- A transaction that is de minimis, including: a single transaction that does not exceed \$25,000; or multiple transactions with a single third-party within a 3-month period that do not exceed this threshold.
- A contract provided to a Related Party solely as a participant engaged by the organization or any Affiliate of the organization to provide services to clients and which contract is available to all similarly situated members of the same class on the same terms.

A "Conflict of Interest" is any transaction that is not a Related Party Transaction but involves a transaction that could be perceived or interpreted to be in conflict with the organization's interest.

Annual Disclosure Statements

- Duty to Complete Questionnaire. Each Related Party listed in (a) shall complete a conflict of interest questionnaire annually. The questionnaire shall be in the form approved by the board of managers.
- Duty to Update Information. Each Related Party listed in (a) shall promptly advise the Secretary or designated compliance officer of any changes to the information provided in that individual's last completed conflict of interest questionnaire.

If during the course of a board of managers, or any committee meeting, discussion, or deliberation a participant believes an actual or potential Conflict of Interest or Related Party Transaction may exist, the participant should raise the issue and disclose such information as the participant is aware so that the board or committee may review and refer the matter for additional action if required by this Policy. In all cases, any disclosure should be documented in meeting minutes or other corporate records.

The Secretary or designated compliance officer will ensure that all individuals required to complete an annual disclosure statement do so in accordance with this Policy. If any individual fails to comply with the Policy's disclosure requirements, the Secretary or designated compliance officer will report such failure to the board of managers, which shall recommend appropriate corrective action.

Disclosures and List of Related Parties.

All information in completed questionnaires or subsequent disclosures shall be compiled and reported by management to the board of managers.

A list of individuals and organizations identified as Related Parties through the annual disclosure process (the "Related Party List") shall be assembled and provided to employees of the organization or other individuals who have authority to sign contracts, enter into transactions, or sign checks on behalf of the organization. Such individuals shall be responsible for reviewing the Related Party List before entering into a transaction or signing a check to confirm whether it is a potential Related Party Transaction.

Review Process for Related Party Transactions

Once a Related Party Transaction is identified, a Related Party Transaction Review Request (attached to this Policy) is completed and submitted to the Secretary or designated compliance officer who will then call a meeting of the board of managers to

review the Related Party Transaction before it is entered into by the organization. The review required by this Policy shall be in addition to, and not in place of, the review process the organization would normally use to approve the transaction.

The board of managers must review and approve the proposed Related Party Transaction before the organization enters into the transaction. Specifically, the board of managers must confirm that the transaction is fair, reasonable and in the organization's best interests.

Any member of the board of managers who has an interest in the transaction (either directly, through a Relative or an organization in which a director or a Relative has a Controlling Interest) shall not participate in the vote, nor may the individual be present during voting or deliberations.

During the review process, the board of managers should review information from other providers (e.g. quote, proposals, etc.) to the extent they are available.

The board of managers shall also document its decision and deliberations in the meeting minutes.

Review Process for Conflicts of Interest

A potential Conflict of Interest should be disclosed as it arises for consideration by the board of managers, a committee or individuals reviewing the matter. If a potential Conflict of Interest is disclosed at a board or committee meeting, the board or committee shall review and determine whether an actual Conflict of Interest exists making sure to adequately document its decision and deliberations.

Any individual with an interest in the transaction may not participate in the vote, nor be present during voting or deliberations on the matter.

If a potential Conflict of Interest is identified by the organization, information regarding the potential conflict shall be provided to the designated compliance officer for a determination regarding whether an actual Conflict of Interest exists. If a Conflict of Interest exists, the designated compliance officer shall ensure that proper documentation is maintained to confirm that the transaction is fair and reasonable to the organization. Any individual with an interest (either directly, through a relative or an organization in which the manager or a relative as a Controlling Interest) may not participate in the approval of the transaction.

Quorum and Voting

Managers, or committee members who must leave a meeting due to a Conflict of Interest or Related Party Transaction shall be deemed present for voting purposes regardless of whether the individual returns to the meeting.

Employee Conflicts of Interest

All employees should deal with vendors without any appearance of favor or preference based on personal considerations. Employees must, at all times, exercise their best skill, care and judgment for the benefit of the organization and must refrain from being influenced by personal considerations of any kind in the performance of their duties. Whenever a Conflict of Interest—or even a *possible* Conflict of Interest—exists, it must be fully disclosed and the employee involved may then be required to refrain from participating in the consideration or determination of any transaction with the vendor.

Specifically, an employee of the organization with a potential Conflict of Interest in a particular matter shall promptly and fully disclose the potential conflict to his or her supervisor who shall then disclose the matter to the CEO or designated compliance officer. The CEO or designated compliance officer shall be responsible for determining the proper way for the organization to handle decisions which involve employee Conflicts of Interest. In making such determinations, the CEO or designated compliance officer may consult with legal counsel.

The CEO or designated compliance officer shall report to the board of managers at least annually concerning employee Conflicts of Interest that have been disclosed and contracts and transactions involving employee conflicts that the CEO or designated compliance officer has approved.

Compensation Decisions.

A compensation decision for a Related Party is a Related Party Transaction. All recommendations for such matters shall be referred to the board of managers for review in accordance with this Policy¹.

The Related Party shall not participate in the deliberations or voting on any matter relating to compensation such individual receives in any context (except expense reimbursement). Such individual may provide information to the board of managers reviewing the compensation decision.

All compensation will be measured against an appropriate recognized survey or surveys for compensation (if applicable) of corresponding rank, position, and/or specialty in the same or a *comparable* geographic area as that of the organization. There shall be sufficient and adequate documentation to support the reasonableness and appropriateness of all compensation decisions. All deliberations regarding compensation of a Related Party shall be documented in the minutes of the board of managers.

¹ With the exception of compensation decisions for the Chief Executive Officer which are reviewed and approved by the Alliance for Better Health, LLC Members.

Violations of Conflict of Interest Policy

If the board of managers determines that an individual has failed to comply with the policies and directives set forth in this Policy, it shall recommend or take appropriate corrective action.

RELATED PARTY TRANSACTION REVIEW REQUEST

Purpose: The purpose of this form is to provide sufficient information to the Board of Managers of Alliance for Better Health Care, LLC and Healthy Alliance IPA, LLC (the "Organization") so that the Board of Managers may review certain transactions ("Related Party Transactions") as required by the Organization's Conflict of Interest Policy.

Instructions: A staff member should complete this form when a Related Party Transaction is identified. Staff members should attach sufficient information to permit the Board of Managers to determine whether such transaction is fair and reasonable and in the Organization's best interests. Once completed, the staff member should submit this form along with any attachments to the Secretary or designated compliance officer for the Board of Managers consideration.

Describe the transaction, agreement or other arrangement and how it will benefit the Organization.

List all Related Parties involved in the transaction and why they are considered a Related Party.

Describe the Related Party's interest in the transaction and, if applicable, how that interest is deemed "substantial."²

Describe how the Organization or an affiliate is involved.

Describe generally the terms of the transaction and the amount(s) the Organization will pay or be paid.

Describe any alternate transactions (to the extent available) and why the alternative transactions are not more favorable to the Organization.³

² For this purpose, "substantial" shall mean any transaction (a) directly between the Corporation and the Related Party; or (b) between the Corporation and an entity in which the Related Party has a controlling interest as defined in paragraph (c) under the Related Party definition above

³ Alternate transactions are required where the Related Party has a substantial financial interest in the transaction. If in doubt, please include alternate transaction information.