	THE JOHNS HOPKINS HOME CARE GROUP HUMAN RESOURCES POLICY MANUAL	<i>Policy Number</i>	IV-104
		<i>Effective Date</i>	01/01/03
	<i>Subject:</i> CONFLICT OF INTEREST	Revised	01/01/03

## POLICY

This policy applies to Johns Hopkins Home Care Group, Home Health Services, Pediatrics at Home and Pharmaquip. All entities will be referred in this policy as JHHCG.

The purpose of this policy is to ensure the integrity of its business practices by requiring that every employee of JHHCG disclose any conflict of interest, actual or potential, in the manner described in this policy. The conflict of interest policy is designed to help employees identify situations that present potential conflicts of interest and to provide employees with procedures for making the appropriate disclosure of a conflict of interest.


JHHCG has an outstanding reputation for quality healthcare services, research and medical education. This reputation is highly dependent on the public's continued trust and confidence. Therefore, all employees must understand that conflicts of interest, actual or perceived, may be very damaging to the reputation of JHHCG. Consequently, employees must continually examine their actions and activities in relation to outside interests to determine if there are reasonable grounds to conclude that a conflict of interest may exist.

For purposes of this policy the term "conflict of interest" shall be defined as being in a position to use an employee's contracts or position in the organization to advance his or her private business or financial interests or the private business or financial interest of family members, regardless of the financial impact on the employer. Generally, either a conflict or potential conflict exists when the actions or activities of an employee on the behalf of the employer also include some element of, or potential for:

- Personal gain or advantage to the employee or members of the employee's family
- An adverse effect on the employer's interest
- Improper gain or advantage to a third party

All employees must avoid situations that present actual conflicts of interest. However, it is equally important to appropriately manage – through full disclosure and avoidance of influence a potential conflict so as not to create the perception of a conflict of interest. The guidelines included in this policy are provided to assist employees with the identification of situations that could result in conflicts of interest. Guidelines are also provided to advise employees on the appropriate manner to manage a potential conflict of interest.

Any employee who believes that he or she may have a conflict of interest, actual or potential should report all pertinent information to the employee's supervisor. The supervisor will be responsible for referring the matter to the Human Resources Department (HR). The HR department will be responsible for notifying the Legal Department.

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### Guidelines

Generally, a conflict of interest exists when an employee has a relationship that would cause an objective third party question whether the employee can make business decisions on behalf of an acting solely in the best interest of the employee's employer. However, conflicts of interest may take many forms and individual interpretations of the concept may differ. In an effort to minimize the subjectivity of the term "conflict of interest", these guidelines are provided to assist employees during the examination of their actions and activities in relation to outside interests to determine if a potential conflict of interest exists.

A potential conflict of interest arises when an employee or an employee's family member (as defined below) is a compensated or uncompensated officer, director, trustee, partner, associate, employee, personal representative, receiver, guardian, custodian, legal representative, or agent of an organization that provides or proposes to provide services or supplies to JHHCG or its affiliates and the employee is in a position of influence, directly or indirectly, the selection of the vendor.


***Example: A director in the Facilities Department has a daughter who is employed by an interior design company. The interior design company is engaged by JHHCG to provide consulting services. The employee has the ability to influence the selection of the vendor.***

A potential conflict of interest can also arise when either an employee or an employee's family member is directly or indirectly the beneficial owner of a significant portion of the capital account or stock of a partnership, corporation, limited liability corporation, sole proprietorship, or other business entity that either provides or proposes to provide services or supplies to JHHCG or its affiliates and the employee is in the position to influence, directly or indirectly, the selection of vendor. For purposes of this policy, a "significant portion" is defined as 3% or more.

***Example: The spouse of a manager in the Finance Department owns 25% of the stock of a corporation providing accounting services to JHHCG. The employee has the ability to influence the selection of the vendor.***

A potential conflict of interest becomes an actual conflict when the employee involved in the conflict influences the employer's decision, or directly or indirectly participates in the decision to enter into a business arrangement with the conflicted entity.

***Example: The spouse of an employee in the Finance Department owns 25% of the stock of a***

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*corporation providing accounting services to JHHCG. The Finance Department employee is one of four JHHCG employees who are responsible for identifying and engaging an accounting firm. The Finance Department employee promotes the firm in which his spouse owns stock without disclosing the relationship. The Finance Department employee also votes to engage the firm in which his spouse owns stock.*

A conflict of interest arises when an employee or an employee's family member accepts compensation or substantial gifts or favors from a vendor in exchange for access to, information about, or other business advantages related to the employer.

*Example: A vendor's representative offers an employee an opportunity to travel to Orlando, Florida for five days to view demonstration of new medical equipment. The offer includes airfare, lodging meals and golf or other entertainment while at the company headquarters. The actual demonstration will not exceed four hours.*

*Note: This policy is not intended to preclude the acceptance of items or entertainment of nominal or insignificant value that is consistent with normal business practices.*

A conflict of interest will not arise simply because a family member of an employee is affiliated with or has a financial interest in a vendor that provides or proposes to provide services or supplies to JHHCG. In order for there to be conflict of interest, the employee must be in a position to influence, directly or indirectly the selection of the vendor. The following is an example of a situation that does not result in a conflict of interest.


*Example: The spouse of a staff accountant in the Finance Department is an employee of a public accounting firm. The public accounting firm is proposing to conduct a financial analysis for the Finance Department. The staff accountant in the Finance Department does not have the ability to influence the selection of the vendor.*

For purposes of this policy, "family members" include an employee's spouse, siblings, spouses of siblings, parents, grandparents, children, grandchildren, great grandchildren, and spouses of children, grandchildren and great grandchildren.

The mere appearance of a potential conflict of interest does not necessarily imply inappropriate behavior. However, when the question of a conflict of interest arises, it must be acknowledged appropriately disclosed, and either eliminated or properly managed.

If an employee has a potential conflict of interest, it must be disclosed to his or her supervisor.

The supervisor will be responsible for notifying the Legal Department. In the event it is not entirely clear that a conflict of interest exists, the employee with the potential conflict shall disclose the circumstances to his or her supervisor. The supervisor shall contact the Legal Department for its determination as to whether a conflict of interest exists.

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The employee involved in the potential conflict may not participate in any process leading to the approval or disapproval of the transaction creating the conflict – including any vote or other submission of opinion. In addition, the employee must not indirectly attempt to influence the decision-making process. Only the Legal Department may grant exceptions to this policy.

Employees who fail to disclose potential conflicts of interest and avoid any direct or indirect influence in accordance with this policy shall be appropriately disciplined. Discipline will be commensurate with the seriousness of the action and may include termination.


## PROCEDURE

### Employee Responsibility

- Examine actions and activities in relation to outside interests and relationships to determine if there are reasonable grounds to conclude that a potential conflict of interest may exist.
- Notify your supervisor in written format
- Refrain from any attempts to either directly or indirectly influence the decision-making process in which there exists a potential for conflicts of interest.
- Refrain from participating in any discussions leading to the approval or disapproval of the transaction creating the conflict, except to disclose material facts relating to the conflict.
- Abstain from voting on the transaction creating the conflict of transmitting any other opinion, including not being present in the room when the vote is taken, unless the vote is by secret ballot.
- Affirm, on an annual basis, compliance with this policy through Performance Management Process.

### Supervisor Responsibility

- Discuss with the employee the written documentation of the conflict of interest. Sign and date the document.

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- Forward documentation to the Human Resources Department
- Monitor employees' activities to ensure that potential conflict of interest does not result in an actual conflict through participation in the decision making process

#### Human Resources Responsibility

- Discuss employee documentation with the supervisor.
- Forward all documentation to the Legal Department for review.

#### Legal Department Responsibility

- Review the documentation
- Determine if any action must be taken to protect JHHCG or its affiliates
- Communicate action required, if applicable, to the employee and the employee's supervisor.
- Communicate the potential conflict of interest to the VP responsible for the department that is considering the transaction that resulted in the conflict.
- Enter the information from the Conflict into a database

#### SPONSOR

Director Human Resources

#### REVIEW CYCLE

3 years