HIAWATHA BEHAVIORAL HEALTH
Administrative Policy

CHAPTER: Compliance	SECTION: Conflict of Interest – General – 7.8
EFFECTIVE DATE: 5/23/16	APPROVAL /REVISED DATE: 5/23/16
REVIEW DATE: 7/19/18	REVIEW COMMITTEE: Executive CHANGES: Yes_______ No___X_____

I. Purpose:

The purpose of this policy is to ensure the integrity of decisions made on behalf of the individuals' served, the CMHSB, and its entire network.

II. Policy:

Personal interests will be disclosed when they present actual or potential conflicts with the interests of the CMHSP, or appear to conflict with the objectivity and integrity of roles and responsibilities as an employee or contractor. Service and business decisions shall be free of personal bias, interest or gain.

III. Definitions:

A. Conflict of Interest. Competing personal and professional interests, whereby personal interest or that of the Member CMHSP they also represent or is the employer of record, may conflict with the role and responsibilities and best interest of the entire CMHSP network.

B. Financial Interest. A Covered Person has a Financial Interest if he or she has, direct or indirect, actual or potential, through a business, investment or through a Family Member:

1. an actual or potential ownership, control or investment interest in, or serves in a governance or management capacity for, the CMHSP with which the CMHSP has a transaction, arrangement, proceeding or other matter;
2. an actual or potential compensation arrangement with any entity or individual with which the CMHSP has a transaction, arrangement, proceeding or other matter; or
3. an actual or potential ownership or investment interest in, compensation arrangement with, or serves in a governance or management capacity for, any entity or individual with which the CMHSP is contemplating or negotiating a transaction, arrangement, proceeding or other matter.
4. Compensation includes direct and indirect remuneration, in cash or in kind.

C. Immediate Family includes Husband, wife, birth or adoptive child, parent, or sibling; stepparent, stepchild, stepbrother, or stepsister; farther-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild, and spouse of a grandparent or grandchild.

D. Interested Person is a Covered Person who has a Financial Interest.

E. Outside Activities: Engaging in activities outside work as a HBH Personnel that appear to be in conflict with professional roles. Examples include serving on the board of a competitor, working for a competitor or having a financial interest (ownership or investment) in a competitor.

F. Personal Interest: Motivated by personal gain, which may involve financial interests, personal relationships or activities outside of work.
G. 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.
H. Significant Financial Interest means anything of monetary value, including but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). The term does not include:
   1. Salary, royalties, or other remuneration from any contracting institutions;
   2. Any ownership interests in an institution, if the institution is a contractor under CMHSP program(s);
   3. Income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
   4. Income from service on advisory committees or review panels for public or nonprofit entities;
   5. An interest that when aggregated for the Member and the Member's immediate family, meets both of the following tests: Does not exceed $10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a five percent ownership interest in any single entity under contract with the CMHSP; or
   6. Salary or other payments that when aggregated for the Member and the immediate family over the next twelve months, are not expected to exceed $10,000.

IV. <u>Procedures:</u>

A. DUTY OF MEMBERS AND OFFICERS
   1. Duty of Care: Personnel shall act in a reasonable and informed manner and perform his or her duties for the CMHSP in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.
   2. Duty of Loyalty: Personnel owe a duty of loyalty to act at all times in the best interest of the CMHSP and not in the interest of the individual or any other entity or person. Individuals may not personally take advantage of a business opportunity that is offered to the CMHSP unless the CEO determines not to pursue that opportunity and after full disclosure and a disinterested and informed evaluation it is determined that there is no potential for a conflict of interest.
   3. Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the conflict of interest and be given the opportunity to disclose all material facts to the CEO.
   4. Conflicts of Interest: Personnel may not engage in any transaction, arrangement, proceeding or other matter or undertake positions with other organizations that involve a Conflict of Interest, except in compliance with this Policy. Personnel should avoid not only actual but the appearance of Conflicts of Interest as well. Personnel shall:
      a. Disclose all potential or known Conflicts of Interest;
      b. Request a waiver for the Conflict; and

c. Comply with any restrictions or conditions stated in any Conflict of Interest Waiver granted for the Personnel activities.

5. Examples of when conflicts of interest arise include:
   a. Purchasing and Contracting: Purchasing and contracting decisions should be based on vendor history, quality, service, price and other factors necessary to advance the interests of the CMHSP. 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.
   b. Staffing: Staffing decisions should be based on academic credentials, skills, experience, professional qualification and achievements and other factors necessary to excel in the role. Individuals who 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.
   c. Independent Review: Any relationship or affiliation on the part of the organization or a reviewer that could compromise the independence or objectivity of the independent review process must be disclosed. For example: a known familial relationship; any prior involvement in the specific case under review, etc.
   d. Gifts and Gratuities: Non-cash gifts and gratuities received from any one individual or company should not exceed $100 in a year. Cash should never be accepted. Gifts and gratuities should be disclosed and include, but are not limited to, discounts, loans, meals, entertainment, tuition, seminars and conferences. When a conflict of interest warrants action, there may be exclusion from the process and decision that is subject to influence by the acceptance of such gifts and gratuities.
   e. Corporate Assets: 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. Financial, personal and other incentives to misuse cash property, equipment, supplies and other company resources should be disclosed. 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. 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 for personal gain, and do not advance the interests of the organization, they may be considered waste and abuse of corporate assets. Waste and abuse of corporate assets may result in disciplinary action.
   f. Information Integrity: The management and communication of information should be free of personal bias or gain. Financial, personal and other incentives that may compromise the integrity of information documentation and reporting should be disclosed. When a conflict of interest warrants action, there may be exclusion from access, analysis and presentation of the information.
   g. Outside Activities: Outside activities that may conflict with professional roles and responsibilities should be disclosed and include, but are not limited to, working for an

entity that contracts with the CMHSP, other outside employment, working for competitors, ownership in competing business, investments in competitors, political activities and contribution, or activities that go against the core values of the CMHSP. When a conflict of interest warrants action, such action should be taken in accordance with this policy.

B. Disclosure of Potential or Real Conflict of Interests
   1. Personnel shall submit in writing to the CMHSP's Chief Executive Officer a disclosure notice of conflict immediately upon identification of a potential or real conflict of interest. This notice may include a request for waiver if the individual wishes to do so.
   2. The CEO may request a meeting with the individual or that they submit written information to supplement or to answer questions regarding information disclosed in the notice.

C. Addressing Conflicts of Interest
   1. After disclosing the Conflict of Interest, together with any additional oral or written presentation of material or discussion requested by the CEO, the CEO will review with others as appropriate (e.g. HR, Legal Counsel, and Compliance). The Interested Person shall not take part in the CEO's due diligence deliberations.
   2. Appointment of Disinterested Person: If the CEO determines it is advisable, the CEO may appoint a disinterested person to conduct further investigation regarding the reported Conflict of Interest and make a report back to the CEO.
   3. After exercising due diligence regarding the reported Conflict of Interest, the CEO shall, provide a written response to the individual.
   4. Granting a Conflict of Interest Waiver: A Conflict of Interest Waiver shall be submitted in writing to the CEO. The Conflict of Interest Waiver may restrict the Interested Person's participation in the matter, to the extent deemed necessary by the CEO or the Conflict of Interest waiver may cover all matters the Interested Person may undertake as part of his/her official duties with the CMHSP, without specifically enumerating such duties. All Conflict of Interest Waivers shall be issued prior to the Interested Person's participation in any transaction, arrangement, proceeding or other matter on behalf of the CMHSP.
   5. Factors for Consideration When Granting a Waiver: In making a determination as to whether a conflict is substantial enough to be likely to affect the integrity of the Interested Person's services to the CMHSP, the CEO shall consider, as applicable:
      a. The type of interest that is creating the disqualification (e.g. stock, bonds, real estate, cash payment, outside employment, job offer or enhancement of a spouse's employment);
      b. The identity of the person whose conflict is involved, and if the interest does not belong directly to the Interested Person, the Interested Person's relationship to that person;
      c. The dollar value of the disqualifying Financial Interest, if known and quantifiable (e.g., amount of cash payment, salary of job to be gained or lost, change in value of securities);
      d. The value of the financial instrument or holding from which the disqualifying Financial Interest arises and its value in relationship to the individual's assets;
      e. The nature and importance of the Interested Person's role in the matter, including the level of discretion which the Interested Person may exercise in the matter;
      f. The sensitivity of the matter;
      g. The need for the Interested Person's services;
      h. The effect on other CMHSP employees; and

i. Adjustments which may be made in the Interested Person's duties that would eliminate the likelihood that the integrity of the Interested Person's services would be questioned by a reasonable person.

D. Policy Enforcement
1. If the CEO has reasonable cause to believe that an individual has failed to disclose actual or potential Conflicts of Interest, the CEO shall inform the involved individual of the basis for such belief, and afford the individual an opportunity to explain the alleged failure to disclose.
2. If, after hearing the Individual's response and after making such further investigation as may be required, the CEO determines that the Individual has in fact failed to disclose an actual or potential Financial Interest or Conflict of Interest, the CEO shall take appropriate corrective action.

E. Documentation
1. All Financial Interest and Conflict of Interest actions will be documented and filed in the individual's personnel record. Documentation should include:
   a. The names of Individuals who disclosed or otherwise were found to have a Financial Interest or Conflict of Interest, the nature of the Interest, any due diligence investigation of the Financial Interest and potential Conflict of Interest, and the CEO's decision with regard to the matter. If a written waiver of a Conflict of Interest is granted, a copy of the written waiver shall be included.
   b. The names of all persons who were present for discussion and those involved in the determination. A summary of the content of the discussion, including any alternatives proposed to the transaction or arrangement, and a record of any decision(s) made in connection with the matter.
   c. If the CEO grants a waiver of a Conflict of Interest, the waiver shall be in writing and shall be signed by the CEO and HR Director, and shall describe the Interest, the proceeding, transaction or matter to which the Interest applies, the Interested Person's role in the proceeding, transaction or matter, and any restriction on the Interested Person's participation in the proceeding, transaction or matter.

F. Annual Conflict Disclosure Statement
1. Annually, prior to the anniversary date of the waiver, the individual shall submit a written notice indicating changes in waiver status:
   a. that there have been no changes in their situation; and they want to continue with this waiver; or
   b. that there have been changes to their situation; and they want to discontinue this waiver; or request a new waiver; and
2. That they will notify the CEO during the year at the time any changes to the waiver situation occurs.

V. <u>References:</u>

A. Mental Health Code, 1974 PA 258, MCL 300.1001 to 300.2106
B. 1978 PA 566, MCL 15.181 to 15.185 (incompatible public offices)
C. 1968 PA 317, MCL 15.321 to 15.330 (contracts of public servants with public entities)
D. 45 CFR Part 74 (Federal Procurement Regulations)
E. 45 CFR Part 92 (Federal Procurement Regulations)
F. 42 USC 1396a (Federal Medicaid Statute)
G. Michigan Medicaid State Plan
H. 18 USC 208 (Federal Conflict of Interest Statute)

I. IRS Conflict of Interest Guidelines, Policies and Pronouncements for Charitable Tax
J. Exempt Nonprofit Entities
K. 1987 MDHHS Administrative Rules, R. 330.2067(9)
L. MDHHS/CMHSP Medicaid Managed Specialty Supports and Services Contract
M. CMHSP Joint Operating Agreement
N. CMHSP Bylaws
O. HBH Code of Conduct