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Excerpts from University of Maryland Medical System's New Conflicts of Interest Policy

UMMS has developed a new conflicts of interest policy in the wake of revelations that some board members' financial relationships with the health system had not been vetted by the board and/or had not been subject to a bidding process ("Some Board Member Deals With Maryland Health System Violated COI Policy; CCO Resigns," RMC 28, no. 22). View the entire policy at <http://bit.ly/2WJQl6X>.

ARTICLE VI: PROCEDURE FOR IDENTIFYING AND ADDRESSING CONFLICTS OF INTEREST

1. Determining Whether a Conflict of Interest Exists.

- a. Upon learning that an actual, potential or perceived Conflict of Interest of a Covered Person may exist, the Governance Committee shall convene to consider the matter.
- b. The Covered Person may make a presentation to the Governance Committee, but after the presentation and questioning by the Committee, he/she shall leave the meeting while the determination of a Conflict of Interest is discussed and voted upon. The Committee's Disinterested Members shall decide if a Conflict of Interest exists.
- c. If the Governance Committee determines that additional information is needed to determine whether a Conflict of Interest exists, the UMMS Chief Compliance Officer or other designee appointed by the Governance Committee Chair shall investigate and gather the additional information for the Governance Committee to make a determination.
- d. If the Governance Committee determines that a Conflict of Interest exists, the Governance Committee shall notify the Covered Person, the UMMS Chief Executive Officer, and the UMMS Board Chair and further will notify the full Board at its next meeting.

2. Procedure for Addressing a Conflict of Interest with UMMS.

- a. In the event the Governance Committee determines that an actual or perceived Conflict of Interest exists, the Committee shall decide how to address the Conflict of Interest.
 - b. The Covered Person may make a presentation to the Governance Committee, but after the presentation and questioning by the Committee, the person shall leave the meeting during the discussion of and vote on the transaction or arrangement involving the Conflict of Interest.
 - c. The Governance Committee Chair shall, if appropriate, appoint the Compliance Officer or other disinterested person or committee to investigate the process that was followed with respect to the establishment of the proposed price and terms of the proposed transaction or arrangement and alternatives to the proposed transaction or arrangement.
 - d. After exercising due diligence, the Governance Committee's Disinterested Members shall determine whether UMMS can obtain with reasonable efforts a more advantageous transaction or arrangement
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from a person or entity that would not give rise to a Conflict of Interest. If the Committee determines that a more advantageous transaction or arrangement can be obtained without producing a Conflict of Interest, UMMS shall not enter into the subject transaction or arrangement.

- e. If a more advantageous transaction or arrangement cannot be obtained with reasonable efforts under circumstances not producing a Conflict of Interest, the Governance Committee shall determine by a majority vote of Disinterested Members whether the transaction or arrangement is (i) in UMMS's best interest, (ii) for its own benefit, and (iii) is fair and reasonable. In conformity with that determination, the Committee shall make its decision as to whether UMMS may enter into the transaction or arrangement and report its decision to the Board.
- f. If the Governance Committee determines that a Conflict of Interest exists but that UMMS may enter into the subject transaction or arrangement, the interested Covered Person shall be recused from all deliberations and decisions concerning said transaction or arrangement, any arrangements with that entity, and compensation or benefits for officers, directors, and trustees.

3. Violations of Conflict of Interest Policy.

- a. If the Governance Committee determines that a Covered Person has used their position to accrue Excess Benefits or to knowingly assist others in accruing Excess Benefits in any way at the expense of UMMS, the Governance Committee shall recommend to the Executive Committee appropriate corrective action to be taken.
- b. If the Governance Committee has reasonable cause to believe that a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
- c. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Governance Committee determines that the Covered Person has failed to disclose an actual or possible Conflict of Interest, it shall recommend to the Executive Committee appropriate corrective action. The Governance Committee Chair shall also report the undisclosed conflict to the Governor, in order to allow the Governor to determine if the Covered Person willfully filed a false statement and requires removal from the Board.
- d. The Executive Committee shall determine the corrective action to be taken, if the Governor does not remove the Board member.
- e. Subject to applicable law, the Board may remove a Board member or place a Board member on a leave of absence by a vote of not less than two-thirds (2/3) of the voting Directors present at any properly convened meeting of the full Board at which a quorum is present.

- 4. Report of Conflict of Interest Determinations to the Board. The Chair of the Governance Committee shall report all Conflict of Interest determinations under this Policy to the full Board sitting in Executive Session.

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