

Conflict of Interest

Alaska eHealth Network Policy 1.100

I. SCOPE

The Board of Directors and staff of AeHN are guided by the Conflict of Interest Policy found in the corporation's bylaws whenever they are carrying out the business of representing the corporation. In every instance, each director and staff member shall maintain the highest level of ethical conduct and shall exercise the highest standard of care, diligence, and prudence when conducting any activity on behalf of AeHN.

II. PURPOSE

The proper governance of the Alaska eHealth Network (AeHN) depends upon the active participation of its directors and staff. AeHN directors and staff are aware that the appearance of conflict can be troublesome even though there is in fact no conflict. Therefore, the Board's President and Executive Director must be fully informed at all times as to events or circumstances which might create the appearance of conflict.

An additional reason for the conflict of interest policy is to protect AeHN's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of AeHN or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

III. DEFINITIONS

For purposes of this policy, the following definitions apply:

Interested Person

Any director, principal officer, staff person or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a) An ownership or investment interest in any entity with which AeHN has a transaction or arrangement,

- b) A compensation arrangement with AeHN or with any entity or individual with which AeHN has a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which AeHN is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under this definition, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

IV. PROCEDURES

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the governing board or committee shall determine whether AeHN can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in AeHN's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a) If the governing board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the

- person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b) If, after hearing the person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

V. RECORDS OF PROCEEDINGS

The minutes of the governing board and all committees with board delegated powers shall contain:

- a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

VI. COMPENSATION

- a) A voting member of the governing board who receives compensation, directly or indirectly, from AeHN for services is precluded from voting on matters pertaining to that member's compensation.
- b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from AeHN for services is precluded from voting on matters pertaining to that member's compensation.
- c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from AeHN, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

VII. ANNUAL STATEMENTS

Each director, principal officer, staff person and member of a committee with governing board delegated powers shall annually sign a statement (an example of which is attached as Exhibit A) which affirms such person:

- a) Has received a copy of the conflicts of interest policy,
- b) Has read and understands the policy,
- c) Has agreed to comply with the policy, and

- d) Understands AeHN is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

VIII. PERIODIC REVIEWS

To ensure AeHN operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm’s length bargaining.
- b) Whether partnerships, joint ventures, and arrangements with management organizations conform to AeHN’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

IX. OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section H, AeHN may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

CONFLICT OF INTEREST POLICY	POLICY #	1.100
APPROVED BY: AeHN Board of Directors	ADOPTED:	6/15/2011
	REVISED:	
	REVIEWED:	

X. EXHIBIT A

**CONFLICTS OF INTEREST
ACKNOWLEDGEMENT/DISCLOSURE FORM
FOR THE ALASKA EHEALTH NETWORK**

Pursuant to the Conflict of Interest Policy of the Alaska eHealth Network (the “Corporation”), each director, principal officer, staff person and member of a committee with governing board delegated powers of the Corporation shall sign the following annual statement:

I, _____, being a director, principal officer, staff person or member of a committee with governing board delegated power of the Corporation, affirm that I:

- a. have received a copy of the Conflict of Interest Policy of the Corporation (the “Policy”);
- b. have read and I understand the Policy;
- c. agree to comply with the Policy, and
- d. understand that the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- e. will truthfully and honestly provide the following requested information:

1. CONFLICTING ORGANIZATIONS

I am a director, trustee, officer, representative of, or have a Financial Interest in the following organizations that have or may have a conflict with the interests of AeHN:

Organization and Title or Interest:

2. CONFLICTING ACTIVITIES/OBLIGATIONS

I am involved in no activity or transaction, nor am I a party to any contract involving interests that are adverse to AeHN except for the following:

3. CONFLICTING BUSINESS OPPORTUNITIES/COMMITMENTS

I have not committed to, nor am I pursuing, any business opportunity that does or might adversely affect AeHN except for the following:

4. CONFLICTING RELATIONSHIPS

I do not have a Fiduciary Relationship with any person with whom AeHN is engaged in or pursuing a business opportunity except for the following:

5. OTHER POTENTIAL CONFLICTS

Any other concerns I may have regarding actual or potential conflicts of interest are listed below:

I understand that I have an ongoing obligation to disclose potential conflicts of interest. If, after signing this policy, I become involved or intend to become involved in a prohibited transaction, I must promptly notify AeHN.

Dated: _____

Signature: _____

Name: _____

Title: _____