The University of Michigan Health System Department of Surgery seeks approval to purchase customized oxygenators from Michigan Critical Care Consultants, Inc. (MC3). These low resistance oxygenators are proprietary, handmade to specification and required in the research and development of an artificial placenta. The oxygenator is a scaled down version of another proprietary artificial lung developed by MC3 and has become a standard part of experimental protocol. MC3 was selected because their device can specifically be used for fetal support, whereas other comparably priced devices are intended for patient use and not appropriate for this research.

The proposed contract falls under the State of Michigan Conflict of Interest Statute as Dr. Robert H. Bartlett is a University employee and would be a party to the contract by virtue of his position as member of the Scientific Advisory Board and part owner of MC3. The Statute allows the University to enter into such contracts if the following conditions are met:

a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.

b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.

c) The official body discloses the following summary information in its official minutes:

   i) The name of each party involved in the contract.

   ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

   iii) The nature of any pecuniary interest.

The following information is provided in compliance with the statutory requirements contained in Section (c) above:
The parties to the contract are the Regents of the University of Michigan and its Health System Department of Surgery and Michigan Critical Care Consultants, Inc.

The estimated purchase is 40 oxygenators per year for the next five years. The unit price of each Celgard Oxygenator 0.5mm is $750 each. Total estimated cost of the oxygenators through June 2012 is $150,000.

The pecuniary interest arises from the fact that Dr. Robert H. Bartlett, University of Michigan employee as Professor Emeritus of Surgery, is a member and part owner of Michigan Critical Care Consultants, Inc.

Dr. Bartlett has met state law requirements with the disclosure of his pecuniary interest and formal appointment arrangement with the University of Michigan. Requirements, if any, that may be applicable under the Medical School’s or OVPR’s Conflict of Interest Committee’s procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the agreement between the University of Michigan and Michigan Critical Care Consultants, Inc., subject to requirements, if any, that either the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

November 2008