

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute

Action Requested: Authorization for the University to enter into an agreement with VBID Health, LLC. University of Michigan Employee, A. Mark Fendrick, is a business partner in VBID Health, LLC.

Background:

The University Of Michigan Department Of Internal Medicine seeks approval to enter into an agreement with VBID Health, LLC for analysis and the impact of value based insurance design (V-Bid) on diabetes and chronic obstructive pulmonary disease.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as A. Mark Fendrick is a University employee as a Professor of Internal Medicine in the Medical School and Health Management in the School of Public Health and would be party to the agreement as a business partner of VBID Health, LLC.

However, the Statute allows the University to enter into such agreements 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:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Internal Medicine and VBID Health, LLC.
- ii) The agreement is for one year and total fee to be paid for consulting and analysis services is \$155,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, A. Mark Fendrick is a business partner of VBID Health, LLC.

A. Mark Fendrick has met state law requirements with the disclosure of his pecuniary interest and formal appointment arrangements 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 VBID Health, LLC subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin P. Hegarty", is written over the typed name and title.

Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

November 2015