

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents
April 15, 2010

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 the Society of Hospital Medicine (University of Michigan Employees Dr. Scott Flanders, Board President and Dr. Christopher Kim, Project Director)

Background:

The University of Michigan Medical School's Department of Internal Medicine ("UMMS") seeks approval to enter into an agreement with the Society of Hospital Medicine ("SHM") for their expertise, programs and toolkits that assist physicians and hospitals develop and implement process steps to optimize the transition of care for patients leaving acute care hospital settings to ambulatory care settings. SHM was selected because they are uniquely qualified and experienced in developing a concise approach to optimizing the transition of care process.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Dr. Scott Flanders and Dr. Christopher Kim are University employees and would be a party to the contract in their roles as Board President and Project Director of SHM, respectively. However, 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:

- i) The parties involved in the agreement are the Regents of the University of Michigan, UMMS and SHM.
- ii) The subcontract agreement is for personnel and operating expenses incurred by SHM physician mentors and administrators tasked with optimizing the transition of care process. This project is part of a funded program by Blue Cross Blue Shield of Michigan ("BCBS") in support of physician group incentive programs on quality and safety. UMMS is a coordinating center for this project and pending additional funding from BCBS in the following years, UMMS plans for annual disbursements to SHM of approximately \$225,000 through 2012, not to exceed a total cost of \$680,000.
- iii) The pecuniary interest arises from the fact that Dr. Scott Flanders, a UMMS employee as Professor of Internal Medicine and Dr. Christopher Kim, a UMMS employee as Assistant Professor of Internal Medicine, are the Board President and Project Director of SHM, respectively.

Dr. Flanders and Dr. Kim have met state law requirements with the disclosure of their pecuniary interests 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 the Society of Hospital Medicine 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

April 2010