

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 AlertWatch, Inc. (University of Michigan Employees Kevin Tremper, M.D., Ph.D., James Bagian, M.D., Jenny Mace, Jan Gombert and Theodore Tremper, Owners and Stockholders)

Background:

The University of Michigan Health System seeks approval to enter into agreement with AlertWatch, Inc. ("AlertWatch") to purchase an integrated physiologic monitoring, display, and alert software application known as AlertWatch:OB. Anesthesiologists will use this application to monitor the health and safety of labor and delivery patients at the VonVoightlander Women's Hospital.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Kevin Tremper, M.D., Ph.D., James Bagian, M.D., Jenny Mace, Jan Gombert and Theodore Tremper are University employees as Chair-Department of Anesthesiology, Director-Center for Healthcare Engineering and Patient Safety, Faculty Staff Associate-Anesthesiology Department, Programmer/Analyst Associate-Anesthesiology Department and Programmer/Analyst Associate-Anesthesiology Department respectively, and would be parties to the contract as Owners and Stockholders of AlertWatch.

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 Health System and AlertWatch.
- ii) The agreement is to provide an integrated physiologic monitoring, display, and alert software application known as AlertWatch:OB. The agreement is renewable annually for up to 5 years, and includes a one-time set up fee of \$10,000 and annual fees of \$43,000 with total potential value of \$225,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employees Kevin Tremper, M.D., Ph.D., James Bagian, M.D., Jenny Mace, Jan Gombert and Theodore Tremper are Owners and Stockholders of AlertWatch.

Kevin Tremper, M.D., Ph.D., James Bagian, M.D., Jenny Mace, Jan Gombert and Theodore Tremper have met state law requirements with the disclosure of their 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 AlertWatch subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A large, stylized 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