

North Central Accountable Community of Health Conflict of Interest Policies and Procedures

Article 1. Purpose

The purpose of this policy is to help inform the North Central Accountable Community of Health (NC ACH) Board of Directors (Directors) about what constitutes a conflict of interest, and assist the Directors in identifying and disclosing actual and potential conflicts. The NC ACH is a collaborative of interested parties and it is acknowledged that Directors have personal, tribal, organizational and/or sector-specific self-interests.

Whether a disclosed interest constitutes a conflict, a potential conflict or a perceived conflict of interest is determined by the NC ACH in its discretion by the process set forth in this policy. This policy enables individuals to understand, identify, manage and appropriately disclose actual, potential or perceived conflicts of interest. 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.

In addition, this policy is intended to acknowledge those situations in which a conflict of loyalty may exist as to a Director. A Director owes the NC ACH a duty of loyalty to act in the best interest of the NC ACH, which duty may be at odds with a duty of loyalty owed by the Director to, or an affiliation with, another organization. Such conflict of loyalty, however, does not necessarily rise to the level of a personal or financial conflict of interest for the purpose of this policy.

Conflicts of interest arise all the time. They are inevitable especially where the Board composition is based upon representation of various stakeholder groups with particular expertise. It is not possible to avoid all conflict-of-interest situations. The purpose of this policy is to help Directors recognize and handle them effectively.

Article 2. Definitions

1. Interested Person

Any director, principal officer, member, or delegate who has a direct or indirect financial or personal interest, as defined below, is an interested person.

2. Conflict of Interest

An actual conflict of interest occurs where an interested person's judgment could be affected because he or she has a personal interest in the outcome of a decision over which the interested person has control or influence. The conflict of interest is present when an interested person's stake in a transaction or decision is such that it reduces the likelihood that the interested person's influence can be exercised impartially in the best interests of the NC ACH. This policy sets forth two types of conflicts of interest: financial and personal.

3. Financial Conflict of 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 NC ACH has a transaction or arrangement,
- b. A compensation arrangement with NC ACH or with any entity or individual with which NC ACH has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NC ACH 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 or automatically a conflict of interest and the particular facts and circumstances must be reviewed by the Board of Directors or appropriate Committee for a determination that a conflict of interest exists.

4. Personal Conflict of Interest

When a director, principal officer, member, delegate or a member of his or her immediate family, including the individual's spouse, domestic partner, child or parent, stands to directly or indirectly gain or be favorably impacted as a result of a decision.

In general, this policy does not intend that a personal conflict shall necessarily arise where a proposed action implicates a Director's dual duty of loyalty to the NC ACH and loyalty to, or affiliation with, another entity. By way of example, the NC ACH may be called upon to make a recommendation, or take an action that favors one sector over another, without implicating a direct contractual relationship with an entity. In light of the diverse Board composition, such Board recommendation or action will likely favorably or unfavorably impact certain sectors represented by the Board. In the absence of a direct contractual relationship with, or other direct and specific monetary award to, an entity in which the Director has an interest, this policy contemplates that Directors will be able to reconcile their dual obligations, and maintain impartiality. While it shall be the Director's obligation to disclose the Director's affiliations on the annual conflict disclosure, the Director need only disclose as required under Article 3, if the Director believes that there are material facts, apart from sector representation itself that may affect the Director's ability to act impartially. Nothing in this Section 4 shall preclude the Board from finding that a Director's conflict of loyalty rises to the level of a personal conflict of interest and requires disclosure and possible recusal of the Director, as set forth in Article 3, Section 5, below.

Article 3. Procedures

1. Duty to Disclose

Each interested person shall disclose all material facts regarding his or her interest in the transaction under consideration promptly upon learning of the proposed transaction or arrangement. The interested person shall err on the side of caution in the disclosure, keeping in mind that the NC ACH wishes to conduct itself with integrity and with the avoidance of appearance of conflict. Upon disclosure by the interested person, the chair shall ask the remaining Directors or Committee Members, as the case may be, to make a determination whether a real or potential conflict of interest exists. In all instances, such determination shall be made before the Board of Directors votes on any agenda item related to an expenditure, awarding of a contract or other monetary transaction.

2. Determining Whether a Conflict of Interest Exists

After disclosure of all material facts by a Director (the "disclosing Director"), the remaining Directors or appropriate Committee Members shall determine if a personal or financial conflict of interest exists for the



interested person. The disclosing Director(s) and any other interested person(s) involved with the transaction shall not be present during the discussion or determination of whether a personal conflict of interest exists. The remaining Directors or Committee Members shall decide if a conflict of interest exists. A Director for whom a conflict of interest has been found to exist is an “interested Director”.

3. Procedures for Addressing a Personal Conflict of Interest

The Directors may ask questions of and receive presentation(s) from the interested Director(s) and any other interested person(s), but shall deliberate and vote on the transaction in their absence. The Directors shall ascertain that all material facts regarding the transaction and the interested Director’s conflict of interest have been disclosed and shall compile appropriate data, such as comparability studies, and shall determine fair market value for the transaction if applicable.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Directors shall determine whether the transaction is in the NC ACH’s best interest, for its own benefit, and whether it is fair and reasonable to the NC ACH before approving or disapproving the transaction.

4. Procedures for Addressing a Financial Conflict of Interest

When a vote is required on a matter, and a conflict of interest is a financial conflict of interest, the conflict will be stated on the record and the Board vote will resume with all voting except the interested Director will abstain from the vote. An interested Director with a financial conflict of interest may be present and participate in the discussion and be present during the voting process as long as the conflict is not a personal conflict and has been disclosed.

5. Violations of the Conflict of Interest Policy

If a Director or Committee Member has reasonable cause to believe a person has failed to disclose actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

If, after hearing the person’s response and after making further investigation as warranted by the circumstances, the Director or Committee Member determines the person has failed to disclose an actual or potential conflict of interest, the Board shall take appropriate disciplinary and corrective action. The Board’s determination as to the existence of an actual or potential conflict of interest in conformity with this policy shall be conclusive and binding.

Article 4. Records of Proceedings

The minutes of meetings of Board of Directors 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 potential conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the 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, together with the identification of those who abstained or recused themselves.

Article 5. Compensation

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

Article 6. Periodic Statements

Each Director and Officer shall annually sign a statement that affirms such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands that NC ACH is a charitable organization and in order to maintain its Washington State Nonprofit corporation status it must engage primarily in activities which accomplish one or more of its purposes in which the Nonprofit is established.

