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| PROCEDURE # 1.1a | EFFECTIVE DATE | REVISED DATE |
| TITLE: STAFF CONFLICT OF INTEREST | January 1, 2014 | 6/1/2025 |
| ATTACHMENT TO | REVIEW DATES | |
| POLICY #: 1.1 | 1/1/15, 7/1/19, 6/1/2025 | |
| POLICY TITLE: STAFF CONFLICT OF INTREST | | |
| CHAPTER: GENERAL MANAGEMENT | | |

I. PURPOSE

To facilitate the disclosure of actual and potential Conflicts of Interest and/or Financial Interests and define procedures to manage Conflicts of Interest.

II. PROCEDURES

A. Disclosure of Financial Interests. Every Covered Person shall:

1. Immediately disclose all financial interests or conflicts of interest to their direct supervisor
2. Comply with any restrictions or conditions stated in any Conflict-of-Interest Waiver granted for the Covered Person's activities.

B. Annual Financial Interest Disclosure Statement. Each Covered Person shall update their Annual Financial Interest Disclosure Statement annually on the date designated by LRE , or promptly when any new Financial Interests or potential Conflicts of Interest arise. The Financial Interest Disclosure Statement affirms that the signor:

1. Has received a copy of this Policy;
2. Has read and understands this Policy;
3. Has agreed to comply with this Policy;
4. Has disclosed on the Financial Interest Disclosure Statement all Financial Interests which the signor currently may have; and
5. Will update the information on the Financial Interest Disclosure Statement promptly should a new Financial Interest arise, by completing a new Financial Interest Disclosure Statement.

C. Addressing Financial Interests and Conflicts of Interest. The Interested Person's supervisor shall decide about the conflict of interest, subject to review by higher levels of management. If the supervisor determines that it may, with reasonable efforts, obtain a more advantageous transaction, arrangement, proceeding or other matter from another person or entity not involving the Interested Person, the supervisor shall notify the Interested Person and may pursue such other transactions, arrangements, proceedings, or other matters or restrict the Interested Person's participation in the matter, as determined appropriate

- D. **Granting a Conflict-of-Interest Waiver.** If it is determined that it is not possible, with reasonable efforts, to obtain a more advantageous transaction, arrangement, proceeding or other matter from another person or entity not involving the Interested Person, and that the Financial Interest is not so substantial as to be likely to affect the integrity of the services which the Entity may expect from the Interested Person, the supervisor may waive the potential Conflict of Interest and proceed with the proposed transaction, arrangement, proceeding or other matter and the Interested Person's participation in the matter. A Conflict-of-Interest Waiver shall be made in writing and signed by the Interested Person's Supervisor and the Chief Executive Officer on the Entity's Conflict of Interest Waiver form. The Conflict-of-Interest Waiver may restrict the Interested Person's participation in the matter to the extent deemed necessary. Further, the Conflict-of-Interest waiver may cover all matters the Interested Person may undertake as part of their official duties with the Entity, without specifically enumerating such duties. All Conflict-of-Interest Waivers shall be issued prior to the Interested Person's participation in any transaction, arrangement, proceeding or other matter on behalf of the Entity.
- E. **Factors for Consideration When Granting a Waiver.** In In deciding as to whether a Financial Interest is substantial enough to be likely to affect the integrity of the Interested Person's services to the Entity, the following shall be considered, as applicable:
1. The type of interest that is creating the disqualification (e.g. stock, bonds, real estate, cash payment, job offer or enhancement of a spouse's employment);
 2. The identity of the person whose Financial Interest is involved, and if the interest does not belong directly to the Interested Person, the Interested Person's relationship to that person;
 3. The dollar value of the disqualifying Financial Interest, if known and quantifiable (e.g., amount of cash payment, salary of job to be gained or lost, change in value of securities);
 4. The value of the financial instrument or holding from which the disqualifying Financial Interest arises and its value in relationship to the individual's assets;
 5. The nature and importance of the Interested Person's role in the matter, including the level of discretion which the Interested Person may exercise in the matter;
 6. The sensitivity of the matter;
 7. The need for the Interested Person's services; and
 8. Adjustments which may be made to the Interested Person's duties that would eliminate the likelihood that the integrity of the Interested Person's services would be questioned by a reasonable person.
- F. **Waivers Supported by Michigan Law.** Michigan law specifically provides support for granting a waiver of a Conflict of Interest arising under the following Conflict of Interest exception scenarios:
1. A community mental health services program ("CMHSP") Board member may be a party to a contract with a CMHSP or administer or financially benefit from that contract, if the contract is between the CMHSP and the Entity;

2. A CMHSP Board member may also be a member of the Entity Board, even if the Entity has a contract with the CMHSP;
3. A CMHSP Board may approve a contract with the Entity, if a CMHSP Board member is also an employee or independent contractor of the Entity; and
4. CMHSP public officers (e.g., Board members, officers, executives and employees) may also be Board members, officers, executives and employees of the Entity, even if the Entity contracts with the CMHSP, subject to any prohibition imposed by the Michigan Department of Health and Human Services (MDHHS) in that regard.

G. Reporting to the State: LRE will promptly notify the Division of Program Development, Consultation and Contracts, Behavioral Health and Developmental Disabilities Administration (BHDDA) in MDHHS if:

- A. Any disclosures are made by providers with regard to the ownership or control by a person that has been convicted of a criminal offense described under sections 1128(a) and Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program 29 1128(b)(1), (2), or (3) of the Act, or that have had civil money penalties or assessments imposed under section 1128A of the Act. (See 42 CFR 1001.1001 (a)(1): or
- B. Any staff member, or manager of the PIHP, individual with beneficial ownership of five percent or more, or an individual with an employment, consulting, or other arrangement with the PIHP has been convicted of a criminal offense described under sections 1128(a) and 1128(b)(1), (2), or (3) of the Act, or that have had civil money penalties or assessments imposed under section 1128A of the Act. (See 42 CFR 1001.1001(a)(1))

H. Policy Enforcement.

1. If the CEO has reasonable cause to believe that a Covered Person has failed to disclose actual or potential Financial Interests or Conflicts of Interest, the CEO shall inform the involved Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
2. If, after hearing the Covered Person's response and after making such further investigation as may be required, the CEO determines that the Covered Person has in fact failed to disclose an actual or potential Financial Interest or Conflict of Interest, the CEO shall take appropriate corrective action.

III. CHANGE LOG

| Date of Change | Description of Change | Responsible Party |
|----------------|-----------------------|-------------------------|
| 6/1/2025 | NEW procedure | Chief Executive Officer |
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