

Consulting Management Committee
UCHC Request for Action #5 – Revenue Contracts

Date: February 21, 2008

Submitted by: Scott Wetstone, Director of the UCHC Faculty Consulting Office

Description of Issue

In UCHC Request for Action #1, it was noted that faculty members can play essential roles in the Health Center's purchasing processes. Their roles in making or influencing purchasing decisions may be a factor when considering whether to approve a request to engage in consulting when the contracting entity is a vendor or potential vendor to the State.

In UCHC Request for Action #2, it was recognized that conflicts of interest may exist when the Health Center itself is a vendor providing services to a contracting entity for a fee. Therefore, at times it may be necessary to assess a faculty member's role in determining/influencing the terms and conditions of such revenue contracts. UCHC Request for Action #2 dealt specifically with a case in which the faculty member would participate in the future in the negotiation of a managed care contract.

Two UCHC units frequently are involved with either the approval of revenue contracts or for maintaining databases/files on such contracts. These are the Office of Research Administration and Finance (ex/ contracts with local hospitals and subcontracts to UCHC from institutions with NIH research grants) and the Office of Clinical and Translational Research (clinical trials contracts with pharmaceutical companies).

Previous Opinion(s) of the Office of State Ethics

None that we are aware of.

Discussion

An opportunity for a conflict of interest may occur with all revenue contracts. The faculty member receiving a consulting fee from a contracting entity might also be materially involved in the negotiation of terms and conditions of such revenue contracts which may be unusually favorable to the contracting entity.

Recommendations:

The Consulting Management Committee should recommend to the CAO:

- a) When the total compensation paid to the faculty member by the contracting entity is \$5,000 or more per year OR the compensation received appears out of proportion with the effort expended, then the UCHC Office of Faculty Consulting will make the UCHC Director of Purchasing, the Associate Vice President for Research Administration and Finance, and the Director of the Office of Clinical and Translational Research aware of this relationship and ask whether that faculty member has recently, is currently, or is likely in the near future to play a material role in defining the terms of a revenue contract with that contracting entity.
- b) In the situation in which the faculty member has been determined to have played a material role in defining the terms of the revenue contract AND it is determined that this contract contains terms of unusual benefit to the contracting entity, the request to consult will be denied.
- c) In the situation in which the terms of the revenue contract have not been finalized yet, the CAO must deny the request to consult OR establish a Col management plan after consulting with the CMC on a case by case basis.

CMC Response

On February 28, 2008, the Consulting Management Committee unanimously approved all three of the recommendations as written above. On March 9, 2012, the Consulting Management Committee revised the threshold for Col considerations from \$10,000 to \$5,000.