



Minnesota Medical Association Conflict of Interest Policy

Purpose

This conflict of interest policy is designed to help officers, trustees, delegates and alternate delegates to the AMA, committee/task force members, and senior staff leadership of the Minnesota Medical Association (“MMA”) identify situations that present potential conflicts of interest. This policy provides MMA with a process that, if observed, will allow decisions and transactions to be treated as valid and binding even though there may be a conflict of interest with respect to the decision or transaction.

This policy is intended to comply with the requirements in Minnesota Statutes, Section 317A.255 governing conflicts of interest for directors of nonprofit corporations. In the event there is an inconsistency between this policy and those in section law, state law shall control.

Applicability of Policy

This policy applies to Responsible Persons.¹

Conflicts of Interest

A conflict of interest exists when an individual has competing interests or loyalties, financial or otherwise, that could call into question whether his/her actions or decisions are in the best interest of the MMA. Board members have a fiduciary obligation to act in MMA’s best interests; committee/task force members and senior staff leadership are expected to place the interests of the MMA above personal interests.

For purposes of this policy, a Conflict of Interest is deemed to exist in the following circumstances:

- A. **Direct.** A Direct Conflict of Interest exists if there is an Agreement² between MMA and a Responsible Person or Family Member³.

¹ A **Responsible Person** is any person serving as an officer, trustee, delegate and alternate delegate to the American Medical Association, member of an MMA committee/task force, and senior staff leadership (i.e., CEO and Directors).

² An **Agreement** is any contract, transaction, arrangement, or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a grant or loan, the establishment of any other type of pecuniary relationship with MMA.

³ A **Family Member** is a Responsible Person’s spouse, domestic partner, parent, child, spouse of a child, brother, sister, or spouse of a brother or sister.

- Examples: an agreement to purchase goods or services from an MMA board member; a decision to retain an MMA Director's son for IT consulting work.

B. **Indirect.** An Indirect Conflict of Interest exists if there is an Agreement between MMA and an entity or a direct competitor of an entity, other than a governmental unit, in which a Responsible Person or Family Member has a Material Financial Interest⁴ or of which such person is a compensated or uncompensated director, officer, board member, key employee,⁵ or legal representative; provided, however, that this provision shall not apply to an Agreement between MMA and any of its Related Organizations.⁶

An Indirect Conflict of Interest also exists if a Responsible Person accepts gifts, entertainment, or other favors from any individual or entity that: 1) does or is seeking to do business with the MMA; or 2) has received, is receiving, or is seeking to receive a grant or to secure other financial commitments from the MMA under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. Any such gift or entertainment shall be deemed to create a Material Financial Interest with respect to each Responsible Person involved. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of MMA.

- Examples: a decision to purchase IT consulting services from a company that a board member's spouse is an owner of; a plan to contract with a company on whose board an MMA officer or board member serves; a proposed contract between the MMA and the direct competitor of a business in which a board member has an ownership interest; a Board member accepts a gift from a company with which the board is considering entering into an Agreement.

C. **Policy Position.** A Policy Position Conflict of Interest exists if a Responsible Person is a compensated or uncompensated director, officer, board member, key employee, or legal representative of another organization that has taken an organizational position on the Policy

⁴ A **Material Financial Interest** is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would affect a Responsible Person's judgment with respect to transactions to which the entity is a party. For purposes of this policy, a financial interest with respect to an Agreement shall constitute a Material Financial Interest if, but only if, an ordinarily prudent person in a like position would reasonably conclude that such interest would affect his or her judgment with respect to the Agreement.

⁵ A **key employee** has responsibility for or is in a position to influence the provision of goods or services to the MMA or to execute or influence agreements with the MMA.

⁶ A **Related Organization** is an organization that controls, is controlled by, or is under common control with the MMA. Control exists if an organization: (a) owns, directly or indirectly, at least 50 percent of the stock ownership or membership interest of another organization; (b) has the right, directly or indirectly, to elect, appoint, or remove 50 percent or more of the members with voting rights of the governing body of another organization; or (c) has the power, directly or indirectly, to direct or cause the direction of the management and policies of another organization whether through the ownership of voting interests, by contract, or otherwise. (M.S. § 317A.011, Subd. 18).

Matter⁷ on which the Responsible Party is deliberating or voting.

- Example: deliberation of whether the MMA should support the legalization of recreational cannabis by a Responsible Person who serves on the board of National Organization for the Reform of Marijuana Laws (NORML), which supports the legalization of recreational cannabis.

Annual Review and Disclosure

- A. On an annual basis, all Responsible Persons shall be provided a copy of the MMA Conflict of Interest policy and shall be expected to review it. A copy of the MMA Conflict of Interest Policy will be placed on the MMA website as well as the website of the Board of Trustees.
- B. On an annual basis, all Responsible Persons, except committee/task force members, shall sign the MMA Conflict of Interest Policy Acknowledgment and Disclosure Form, which shall be submitted to the CEO or her designee. The disclosure form will identify the businesses and nonprofit organizations, including governmental units, of which such Responsible Person or the Responsible Person's spouse or domestic partner is a director, officer, key employee,⁸ contractor, or consultant and the business organizations in which such Responsible Person or Responsible Person's spouse or domestic partner has an ownership interest, excluding ownership through certain investment vehicles.⁹

Procedures for Managing Conflicts of Interest – Committees/Task Forces

- A. Prior to any MMA committee or task force consideration of on an Agreement or Policy Matter involving a Conflict of Interest, a Responsible Person who has any Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting or in a separate memorandum that is filed with the original minutes of the meeting.
- B. A Responsible Person who does not plan to attend a meeting at which he or she has reason to believe that the committee or task force will act on an Agreement or Policy Matter in which the person has a Conflict of Interest shall disclose to the Chair of the meeting all facts material to the Conflict of Interest. The Chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting or in a separate memorandum that is filed with the original minutes of the meeting. If the Responsible Person having the Conflict of Interest is the Chair, then the required disclosure shall be made to another designated committee or task force member.

⁷ A **Policy Matter** is a question of public policy on which the Board, a taskforce, or committee is deliberating or voting.

⁸ A **key employee** has responsibility for or is in a position to influence the provision of goods or services to the MMA or to execute or influence agreements with the MMA.

⁹ For example, mutual funds and retirement accounts over which you or your spouse or domestic partner do not directly exercise control over the composition of the investment vehicle.

- C. A Responsible Person who has a Direct or Indirect Conflict of Interest involving an Agreement before a committee or task force shall not participate in any discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside of any committee or task force discussions.
- D. A Responsible Person with a Policy Position Conflict of Interest may participate in discussion and respond to questions regarding the Policy Matter only if the Conflict of Interest has been disclosed and is reflected in the minutes of the meeting or reflected in a separate memorandum that is filed with the original minutes of the meeting.
- E. A Responsible Person who has a Direct or Indirect Conflict of Interest with respect to an Agreement that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a Conflict of Interest may not vote on the Agreement. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
- F. A Responsible Person who has a Policy Position Conflict of Interest with respect to a Policy Matter that will be voted on at a meeting may vote on the Policy Matter and shall be counted in determining the presence of a quorum for purposes of the vote only if the Responsible Person has properly disclosed the Policy Position Conflict of Interest.
- G. A Responsible Person who is uncertain of whether a potential or actual conflict exists shall disclose the circumstances to the CEO or the Board Chair, who shall determine, in consultation with the MMA Governance Committee, as needed, whether there exists a Conflict of Interest that is subject to this policy.

Procedures for Managing Conflicts of Interest – MMA Board of Trustees

- A. Prior to MMA Board of Trustees' action on a Policy Matter or Agreement involving a Conflict of Interest, a Responsible Person who has a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting or in a separate memorandum that is filed with the original minutes of the meeting.
- B. A Responsible Person who does not plan to attend a meeting at which he or she has reason to believe that the Board will act on a Policy Matter or Agreement in which the person has a Conflict of Interest shall disclose to the Chair of the meeting all facts material to the Conflict of Interest. The Chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting or in a separate memorandum that is filed with the original minutes of the meeting. If the Responsible Person having the Conflict of Interest is the Chair, then the required disclosure shall be made to, and the required report to the board shall be made by, the Secretary/Treasurer.

- C. A Responsible Person who has a Direct or Indirect Conflict of Interest involving an Agreement before the MMA Board of Trustees shall not participate in any discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside of any discussions. The Responsible Person shall refrain from any action that may affect MMA's participation in such an Agreement.
- D. A Responsible Person with a Policy Position Conflict of Interest may participate in discussion and respond to questions regarding the Policy Matter only if the Conflict of Interest has been disclosed is reflected in the minutes of the meeting or reflected in a separate memorandum that is filed with the original minutes of the meeting.
- E. A Responsible Person who has a Direct or Indirect Conflict of Interest with respect to an Agreement that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a Conflict of Interest may not vote on the Agreement. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
- F. A Responsible Person who has a Policy Position Conflict of Interest with respect to a Policy Matter that will be voted on at a meeting may vote on the Policy Matter and shall be counted in determining the presence of a quorum for purposes of the vote only if the Responsible Person has properly disclosed the Policy Position Conflict of Interest.
- G. A Responsible Person at a meeting of the Board of Trustees who is uncertain of whether a potential or actual conflict exists shall disclose the circumstances to the CEO or the Board Chair, who shall determine, in consultation with the MMA Governance Committee, as needed, whether there exists a Conflict of Interest that is subject to this policy.
- H. An Agreement involving a Conflict of Interest may be approved by the Board of Trustees if the material facts as to the Agreement and the Conflict of Interest are fully disclosed or known to the Board and the Board approves the Agreement in good faith by the affirmative vote (without counting the interested member) of a majority of the entire Board at a meeting at which there is a quorum present, without counting the interested member.

Confidentiality

Any information disclosed under this policy shall be treated as confidential and shall generally be made available only to the Chair, the CEO, and, as needed, the Governance Committee, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of MMA. Furthermore, a Responsible Person shall not disclose or use information relating to the business of MMA for the personal profit or advantage of the Responsible Person or a Family Member.