



## CONFLICT of INTEREST POLICY

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### I. Purpose

The Board of Directors of MNSure recognizes that real, potential and apparent conflicts of interest may naturally occur from time to time in the course of conducting MNSure's daily affairs. The purpose of this Policy is to guide the conduct of Responsible Persons of MNSure when such real, potential or apparent conflicts of interest arise.

### II. Scope

This Policy is intended to guide the conduct of all Responsible Persons of MNSure with respect to their service for MNSure. The MNSure Board of Directors and MNSure employees are subject to a number of Minnesota state laws regarding conflicts of interest, including:

Minnesota Statutes, Sections 10A.07, 10A.071 and 10A.09

Minnesota Statutes, Section 62V.04, subdivision 4

Minnesota Statutes, Section 43A.38

This Policy supplements but does not replace applicable Minnesota state laws governing conflicts of interest applicable to MNSure directors and employees. In the event of a conflict between a provision of this Policy and state law, state law controls. Additionally, as identified under Minnesota Statutes Section 43A.38, subdivision 9, with regard to MNSure employees, this Policy shall not be interpreted to apply to any activity which is protected by Minnesota Statutes, Sections 179A.01 to 179A.25 and collective bargaining agreements and practices thereunder nor to prevent a current or former employee from accepting employment with a labor or employee organization representing employees.

### III. Definitions

Advisory Committee Member: An individual serving on a committee that has no decision-making authority and is designated as an advisory committee by the Board.

Associated Business: As defined in Minn. Stat. §10A.01.

**Change in Circumstances:** With respect to a member of the Board of Directors, a change in such Responsible Person's principal occupation or a material change in his/her business.

**Committee Members:** Individuals serving on any MNSure Board committee (other than an Advisory Committee) as well as other committees so designated as being covered by this Policy from time to time by the Board of Directors of MNSure.

**Compensation:** Any remuneration, directly or indirectly, in exchange for goods, services, gifts or favors that is substantial in nature.

**Conflict of Interest or Conflict:** An association including a financial or personal association that has the potential to bias or have the appearance of biasing a Responsible Person's decisions in matters related to MNSure.

**Contract or Transaction:** Any agreement or relationship directly or indirectly involving the sale or purchase of goods, services or rights of any kind, providing for the receipt of a loan or grant, or establishing any other pecuniary relationship with MNSure. The making of a gift to MNSure is not a Contract or Transaction. Purchasing insurance through MNSure on the same basis as other members of the public is not a Contract or Transaction.

**Financial Interest:** A Responsible Person has a Financial Interest if the Responsible Person:

- a. has a Compensation arrangement with MNSure; or
- b. is a party to a Contract or Transaction; or
- c. discloses in the statement of economic interest required by Minn. Stat. §10A.09 an Associated Business that: (a) supplies goods or services to MNSure; (b) leases property or equipment to MNSure; or (c) deals with MNSure in connection with the gift, purchase or sale of real estate, securities or other property.

This includes any Financial Interest held by a member of the Immediate Family of the Responsible Person if the Responsible Person has knowledge of such interest. A Financial Interest is not necessarily a Conflict. A person who has a Financial Interest has a Conflict only if the Board decides that a Conflict exists.

**Immediate Family:** A Responsible Person's spouse, domestic partner, parents, children and spouses of children, brothers and sisters or spouses of brothers and sisters.

**Interested Person:** A Responsible Person who has a Conflict.

**Prohibited Relationship:** A Prohibited Relationship includes:

- a. Serving as an officer, director or employee of a business partner of MNSure or of another business engaged in providing services similar to the services MNSure provides;
- b. Within one year prior to or at any time during a Responsible Person's service to MNSure, employment by, membership of the board of directors of, or serving as a representative of a health carrier, institutional health care provider or other entity providing health care, navigator, insurance producer, or other entity in the business of selling items or services of significant value to or through MNSure;
- c. Having a spouse who serves as an executive at a health carrier; and
- d. Serving as a lobbyist, as defined under Minnesota Statutes, Section 10A.01, subdivision 21.

**Relationship:** Any professional or personal relationship (other than a Prohibited Relationship) that could affect a Responsible Person's ability to exercise independent judgment in MNSure's best interests, as determined by the Board of Directors, in its sole discretion.

**Responsible Person:** The members of the Board of Directors and committee members.

#### **IV. Policy**

MNSure is a state agency, accountable to the Executive Branch of the State of Minnesota as well as to members of the public. Responsible Persons owe a duty of undivided and unqualified loyalty to MNSure. Responsible Persons may not use their positions to profit personally or to assist others in profiting at the expense of MNSure. MNSure's affirmative policy is to require prompt and full disclosure of all Financial Interests, Prohibited Relationships and Relationships to all necessary parties and to prohibit involvement, except as set forth in this Policy, by the Responsible Person having such Financial Interest or Relationship in the related affairs of MNSure.

#### **V. Procedure**

A. **Immediate Disclosure:** Any Responsible Person must immediately disclose a Financial Interest, Prohibited Relationship, Relationship or Change in Circumstances in writing to the Chair of the Board of Directors. This immediate, written disclosure will be in addition to and not in lieu of the annual disclosure statement required under this Policy. A director who gives notice to the Chair that he or she is the subject of a Prohibited Relationship will be deemed to have resigned his or her board position immediately upon delivering such notice. With respect to all other notices, until

and unless the Board determines that no Conflict exists, the person filing the written disclosure must abide by Section V (D) of this Policy.

Each Financial Interest or Relationship must be presented to the Board of Directors for authorization, approval or ratification, and in connection therewith, the disclosing person must make a prompt, full, and frank disclosure of his/her interest and all material facts to the Board or committee prior to its action on the Compensation arrangement, contract, transaction or other interest forming the basis of the Financial Interest or Relationship. Such person's disclosure must include any known, relevant and material facts about the Financial Interest or Relationship, which might reasonably be construed to be adverse to MNSure's interest, and/or to be beneficial to the disclosing person. The Chair of the Board of Directors may determine, in his or her sole discretion, whether a Change of Circumstances should be brought before the Board for a Conflict determination, and may decline to do so if it does not raise any Conflict of Interest concern.

The Board will determine, by majority vote, whether the disclosure shows that a Conflict exists or can reasonably be construed to exist. The disclosing person may not be present in the room during such discussions or when such determinations are made, will not be counted in determining quorum and may not vote in the determination of whether a Conflict exists. The decision will rest in the sole discretion of the Board, based on a concern for the welfare of MNSure and the advancement of its purpose.

B. Annual Disclosure: Each year, each Responsible Person who is required to file a statement of economic interest under Minn. Stat. §10A.09 must furnish a copy of such statement to the General Counsel of MNSure. If deemed necessary by the General Counsel (after consultation with the Board of Directors) the General Counsel will distribute a supplemental conflict of interest disclosure statement (which has been approved by the Board of Directors) to all Responsible Persons. The General Counsel may also distribute a simplified disclosure statement for completion by Advisory Committee Members. Each person who receives a supplemental or other disclosure statement must submit the completed statement to the General Counsel's office for review. The General Counsel's office will summarize the information contained in the disclosure statements and conduct any necessary due diligence. The summary information will then be presented to the Board of Directors. The Board will review such information and the General Counsel will assist the Board in determining those issues and situations where a Conflict may exist or arise as to one or more Responsible Persons.

C. Resolution: If a Conflict is deemed to exist, the Board must implement the following procedures:

(i) an Interested Person may make a presentation at the Board meeting regarding a transaction under consideration, but after such presentation, the

Interested Person must leave the meeting during the discussion of, and the vote on, the Financial Interest or Relationship forming the basis of the Conflict;

(ii) if appropriate and in its sole discretion, the Board may appoint a non-interested person or committee to investigate alternatives to the Financial Interest or Relationship forming the basis of the Conflict or to obtain a competitive bid or a comparable valuation;

(iii) the Board will determine, by a majority vote of the non-interested directors present, that the Contract, Transaction or Relationship forming the basis of the Conflict is in MNsure's best interests and for its own benefit; is fair and reasonable to MNsure; and, after exercising due diligence (including a review of supporting market data), that the Contract, Transaction or Relationship provides the best value to MNsure with reasonable efforts under the circumstances. In making this determination, the Board is entitled to rely on information presented by staff and independent experts;

(iv) to protect MNsure's best interests, the Board will take appropriate disciplinary action against any Responsible Person who violates this Policy; and

(v) the minutes of all Board meetings involving Conflicts must include the names of the persons who disclosed the Financial Interests or Relationships, the nature of the Financial Interests and Relationships, and whether the Board determined there was a Conflict. In addition, the minutes must set forth the names of the persons who were present for discussions and votes relating to the Financial Interest or Relationship forming the basis of the Conflict; the content of these discussions, including any alternatives to the proposed contract, transaction or relationship; the basis for the decision; and a record of the vote.

The requirements of this Section apply to all Financial Interests or Relationships involving Conflicts, whether or not, in the absence of a Conflict, they would be subject to Board approval in the normal course of business. If, as a result of reviewing a Conflict, the Board concludes that a director should be removed from the Board, the Chair of the Board will activate the process set forth in Minn. Stat. 62V.04, Subd. 9.

D. Prohibited Involvement: Responsible Persons are prohibited from being directly or indirectly involved in any Financial Interest or Relationship with MNsure where a Conflict exists, including negotiations or discussions that may result in a Contract, Transaction or Relationship. This includes direct negotiations or discussions with directors, staff or employees regarding the Contract, Transaction or Relationship where the Conflict exists.

E. Special Considerations involving the Commissioner of Human Services. The Board recognizes that the Legislature designated the Commissioner of Human Services as a member of the Board with full knowledge of the close relationship and

frequent dealings between MNsure and the Department of Human Services. The Commissioner of Human Services will provide the same annual disclosure as required of other directors, as to any other Financial Interests or Relationships other than her/his status as Commissioner of Human Services, and will be subject to the same provisions as to those interests. Notwithstanding the provisions of Section V.A., above, the Commissioner will not be required to advise the Board every time a Board decision has a potential impact on the Department of Human Services, but will be entitled to assume that the other directors are aware of the potential impact. However, in the case of negotiation of an interagency agreement between MNsure and the Department of Human Services, or any other direct contractual or other issue in which the interests of MNsure and the Department of Human Services are or may be adverse, the Commissioner, in consultation with the other directors, may elect to excuse him- or herself from the Board's discussion and/or vote with respect to the matter.

Any other exceptions to this section may be made on a case-by-case basis only by the Board of Directors, and only if permissible under state law.

## **VI. Miscellaneous**

A. Validity of Contracts: This policy is intended only to create a mechanism by which Conflicts may be identified and properly considered. The failure to follow the procedures set forth in this policy will not in itself invalidate any Contract or Transaction to which MNsure is a party.

B. Prohibited Gifts, Gratuities and Entertainment: No Responsible Person may accept gifts, entertainment or favors from any person or entity that:

- (i) Does or seeks to do business with MNsure; or
- (ii) Does or seeks to compete with MNsure; or
- (iii) Has received, is receiving or is seeking to receive a Contract or Transaction with MNsure

where it is reasonably clear that the intent of the donor is to influence the Responsible Person in his/her role as such. Responsible Persons are also subject to the gift provisions of Minn. Stat. § 43A.38, subd. 2.

**BOARD CHAIR APPROVAL**

Date 8/21/13 Signature Bruce Bant