

NATIONAL COMMITTEE FOR QUALITY ASSURANCE

Policy on Conflicts of Interest for the Board of Directors

Introduction

NCQA depends on its Board of Directors (“Board”) to reach decisions objectively, without taint, or the appearance of taint by conflicts of interest. To guard against conflicts of interest, the Board has adopted this Policy on Conflicts of Interest to identify potential areas of conflict of interest of its directors. The policy specifies the procedures to be used by the Board to address and resolve conflicts of interest, and requires the use of a Conflict of Interest Questionnaire and Disclosure Form.

The existence of a conflict of interest ordinarily disqualifies a director from participating in the particular board action in which the conflict of interest has arisen. To this end, directors must refrain from participating in deliberations and decisions for which they have a conflict of interest and must completely and accurately disclose any relationships, affiliations, transactions or other interests that could contribute to a perception of a conflict of interest.

NCQA seeks (1) to guard against conflicts of interest, (2) to maximize the effectiveness of NCQA, (3) to identify directors whose participation on a particular matter would not be appropriate, and (4) to address through early consideration any potential conflicts of interest.

Definition of Conflict of Interest

For purposes of this Policy, the term "conflict of interest" means any direct or indirect financial relationship (as defined below), organizational affiliation, activity, transaction, or other interest which (1) could significantly impair the director's objectivity and/or (2) could create a significant unfair competitive advantage for the director or any organization with which the director has a direct financial relationship (as defined below).

Selection of Board Members

In the selection of board nominees, potential conflicts of interest are considered by the NCQA Board based upon available information. Individuals elected to the Board are asked to complete a "Conflict of Interest Questionnaire and Disclosure Form." Thereafter, any changes in the information previously supplied or any new information -- e.g., new employment, new consulting relationships, new investments, indirect financial relationships, etc. -- that are relevant to the questions of conflict of interest should be promptly reported.

Open Discussion of Conflicts of Interest

The general questions of conflicts of interest, and the relevant circumstances of the individual directors will be discussed annually, or as the need arises. This discussion procedure is used because of NCQA's belief that NCQA's public service mission is served by frank discussion within the Board, from time to time, about the Board's actual objectivity or its credibility in light of its tasks and the directors' relationships, affiliations, positions, etc. Because of the sensitive nature of these discussions and the necessity that directors speak freely, these discussions will not be recorded in the minutes of the Board.

Questionnaire

The request for information on the "Conflict of Interest Questionnaire and Disclosure Form", and the discussion of potential sources of conflicts of interest are not intended to question the personal integrity of any individual. The overriding objective is to ensure that the work of NCQA is not compromised or diminished by any actual or perceived conflict of interest.

General Guidelines on Conflicts of Interest

Direct Financial Relationship. A director should not participate in any decision of the Board which specifically involves an organization with which the director has a "direct financial relationship." A person has a "direct financial relationship" with an organization if he or she:

is a beneficial owner of more than one percent of the equity of the organization;

is a director or officer of the organization;

is an employee of the organization;

is engaged in the sale or lease of real estate or personal property to or from the organization;

furnishes services (including management or any other consultant services) to the organization; or

has a creditor/debtor relationship with the organization.

In addition, a director should not participate in any decision regarding the award of a contract or grant or any other substantial economic benefit, to the director, to any person with whom the director has a family or marital relationship or similar close personal relationship, to the director's immediate employer, or to any organization in which the director has a direct financial relationship, since to do so would be a conflict of interest.

Likewise, a director should not participate in a matter for which there is a significant possibility, based upon the nature and scope of the board decision, that the board decision would, if implemented, have a direct and substantial economic impact on the director, on others with whom the director is closely associated or on any person with whom the director has a family or marital relationship or similar close personal relationship.

Indirect Financial Relationship. The fact that a director is part of a constituency that may be affected by an NCQA board decision would not normally constitute a conflict of interest. However, there may be instances when the Board considers matters specifically involving an entity with which the director has an “indirect financial relationship.” A director has an “indirect financial relationship” with an entity if:

the director has a direct financial relationship (as defined above) with an organization that competes with the entity (“Competing Entity”);

the director has a direct financial relationship with any organization that has a direct financial relationship with the entity (“Interested Entity”);

the director's family (brother, sister, child, spouse (or similarly close person), parent, or other family member residing in the director's home) has a direct financial relationship with the entity, a Competing Entity, or an Interested Entity.

If the Board considers any matter involving an entity with which a director has an “indirect financial relationship,” the director shall disclose his or her relationship. Such director's participation in the matter shall only be permitted if the director's indirect financial relationship does not constitute a conflict of interest, as defined above.

Public Statements and Positions. A director may have become committed to a position on a particular issue through public statements (e.g., testimony, speeches, interviews, etc.), through publications (e.g., articles, books, etc.), through close identification or association with the positions or perspectives of a particular group, or through other personal or professional activities. Ordinarily, such public statements and positions would not constitute a conflict of interest. In extreme situations -- e.g., where the director is currently the president or a representative of a professional society that espouses a position on the issue -- the situation may constitute a conflict of interest.

Access to Data and Confidentiality. The opportunity to have access to sensitive information or data during the course of a director's service on the Board, if abused or misused, may confer an unfair competitive advantage. A director may not use such information or data compiled or analyzed by NCQA for any purpose other than for NCQA's objectives. No director

may use such information or data for the director's own direct and substantial economic benefit. No director may disclose such information or data to other individuals or to organizations without the permission of NCQA. No director may use insider information or data for personal gain or the gain of others. All matters brought before the Board are confidential and may not be used for any purpose other than for NCQA's objectives. The restrictions described above do not apply to information once it has entered the public domain.

NATIONAL COMMITTEE FOR QUALITY ASSURANCE

Procedures for Addressing Conflicts of Interest for the Board of Directors

The following actions should be pursued in addressing and resolving conflicts of interest that may affect Board consideration of an issue:

1. Each director shall file annually with the Board the Conflict of Interest Questionnaire and Disclosure Form for the Board of Directors. Each director shall have a continuing obligation to disclose fully any relationships or transactions which may arise and create or involve conflicts of interest.
2. Whenever a director is unsure as to the existence of a conflict of interest, full disclosure shall be made to the Board of Directors, which shall determine the existence of conflicts of interest. If the Board of Directors determines that a conflict of interest exists, the affected director shall follow the procedure established in this policy.
3. Any director having a conflict of interest regarding any matter presented to the Board for action shall make certain that the existence of such conflict of interest is fully disclosed to the Board and made a matter of record.
4. A director having a conflict of interest with respect to any matter coming before the Board shall not vote or use his or her personal influence to affect the outcome of Board action with respect to such matter.
5. The minutes of the Board meetings shall reflect the fact that any director with a conflict of interest refrained from voting.
6. If a conflict exists which will affect a director's continued service on the Board, the director shall terminate the conflicting activity or organizational association or resign from the Board. If the director fails to resolve the conflict, the Board shall remove the director as permitted by the Bylaws.

NATIONAL COMMITTEE FOR QUALITY ASSURANCE

Conflict of Interest Questionnaire and Disclosure Form
for the Board of Directors

Please read the NCQA Policy on Conflicts of Interest before completing this form.

Any changes in information reported on this form or any new information relevant to conflicts of interest should promptly be reported to the Board of Directors.

Name: _____

Address: _____

Telephone and Fax Numbers: _____

Employer: _____

Title: _____

1. To the best of your knowledge, are you now, or have you ever been employed by, a director of, affiliated with, or in any way related to an organization that reviews, monitors, certifies or accredits any health insurer or health care organization other than NCQA? _____No _____Yes

If the answer to this question is “yes,” please explain the circumstances and the name of the organization.

2. To the best of your knowledge, have you ever participated in, or are you participating in, the review, certification or accreditation (whether sponsored by a public or private entity) of a health insurer or health care organization, other than an internal review of a health insurer or health care organization for whom you work or were working at the time of the internal review, or other than for NCQA? _____No _____Yes

If the answer to this question is “yes,” please explain the nature of the participation, the name of the reviewing entity, and the name of the health insurer or health care organization reviewed.

3. To the best of your knowledge, are you engaged in a “direct financial relationship” (as defined in the NCQA Policy on Conflicts of Interest for the Board of Directors) with a health insurer or health care organization? _____No _____Yes

If the answer to this question is “yes,” please explain the nature of the interest and the name of the managed care organization.

4. To the best of your knowledge, does or did any member of your family (brother, sister, child, spouse or similarly close person, parent, or other family member residing in your home) have a direct financial relationship with any health insurer or health care organization? _____No _____Yes

If the answer to this question is “yes,” please explain the nature of the interest and the name of the health insurer or health care organization.

5. Do you have any affiliations, either paid or unpaid, with any health care organization, including but not limited to, any health care provider, professional organization, trade association, or public interest or civic group? No Yes

If the answer to this question is “yes,” please identify and explain.

6. Have you written or published any articles, given any testimony or speeches (or anything similar) regarding any matter contrary to NCQA’s mission? No Yes

If the answer to the above question is “yes,” please list them by date and title, and publication (if any).

7. To the best of your knowledge, do you possess, directly or indirectly, any interest in any supplier of goods or services to or in any organization that has a financial relationship with NCQA? No Yes

If your answer to this question is “yes”, please explain the nature of the interest and the name of the supplier or organization.

8. To the best of your knowledge, does any member of your family (brother, sister, child, spouse (or similarly close person), parent, or other family member residing in your home) possess, directly or indirectly, any interest in any supplier of goods or services to or in any organization that has a financial relationship with NCQA? No Yes

If your answer to this question is “yes,” please explain the nature of the interest and the name of the supplier or

organization.

9. Do you have any other circumstances in your background or present affiliations or activities that might reasonably be construed as a conflict of interest or give the appearance of a conflict of interest? No Yes

If the answer to this question is “yes” please explain.

I certify to the best of my knowledge that my responses to the above questions are true, correct and complete and I agree to comply in all respects with the NCQA Policy on Conflicts of Interest for the Board of Directors.

Date: _____

Signature

Name (Print or Type)