

Conflict of Interest and Ethics Policy
Washington Health Benefit Exchange
Adopted by the Board on March 21, 2013

Washington Health Benefit Exchange Board Members and staff hold positions of trust, and we should conduct our activities accordingly. We must avoid activities that would compromise the public's confidence in the Exchange's effectiveness and integrity, or that would impair our independence and objectivity of judgment in the discharge of our responsibilities. We should demonstrate sensitivity in identifying potential conflicts of interest, whether of a financial, personal, or professional nature.

State law requires that Board Members not benefit financially from participation on the Board. RCW 43.71.020(4). Federal regulations regarding Exchange governance principles require ethics and conflict of interest standards. 45 CFR section 155.110. The Board By-Laws, Article IX, direct the Board to adopt a conflict of interest and ethics policy for Board Members and Exchange employees. Accordingly, the Board adopts this conflict of interest and ethics policy.

I. CONFLICT OF INTEREST

No Board Member may be appointed if his or her participation in the decisions of the Board could benefit his or her own financial interests or the financial interests of an entity he or she represents. A Board Member who develops such a conflict of interest shall resign or be removed from the Board.

No Board Member or employee may have an interest, financial or otherwise, direct or indirect, or engage in a business or transaction or professional activity, or incur an obligation of any nature, that is in conflict with the proper discharge of the Board Member's or employee's duties.

A conflict of interest exists whenever a Board Member or an employee is in a position in which he or she takes any action that is, may be, or reasonably appears to be influenced by considerations other than the best interests of the Exchange.

In order to prevent conflicts of interest from interfering with the open and effective operation of the Board, and the Exchange, the Board adopts the following rules regarding disclosure of interests and abstaining from participation in the matter:

A. Interest in Transactions Before the Board

(1) When a Board Member is beneficially interested, directly or indirectly, in a contract, sale, lease, purchase or grant that may be made by, through, or is under the supervision of the Board, in whole or in part; or when a Board Member accepts, directly or indirectly, any compensation, gratuity, or reward from any other person beneficially interested in such contract, sale, lease, purchase or grant, the Member shall:

- (a) Recuse him or herself from the Board discussion, including Board committee discussions, regarding the specific contract, sale, lease, purchase or grant;

- (b) Recuse him or herself from any Board vote on the specific contract, sale, lease, purchase or grant; and
- (c) Refrain from attempting to influence the remaining Board members in their discussion and vote regarding the specific contract, sale, lease, purchase or grant.

(2) The prohibition against discussion set forth in subsections (1)(a) and (1)(c) shall not prohibit the Board Member from using his or her general expertise to educate and provide general information on the subject area to the other Board Members.

(3) For the purposes of subsection (1), a beneficial interest in a contract, sale, lease, purchase or grant exists when a person bids or otherwise seeks to be awarded the contract, sale, lease, purchase or grant that is before the Board.

B. Interest in an Entity Before the Board

(1) When a Board Member either owns a beneficial interest in, or is an officer, agent, employee or member of, an entity or individual that is engaged in a transaction involving the Exchange, the Board Member shall:

- (a) Recuse him or herself from the Board discussion, including Board committee discussions, regarding the specific transaction;
- (b) Recuse him or herself from any Board vote on the specific transaction; and
- (c) Refrain from attempting to influence the remaining Board Members in their discussion and vote regarding the specific transaction.

(2) The prohibition against discussion and voting set forth in subsections (2)(a) and (2)(c) shall not prohibit the Board Member from using his or her general expertise to educate and provide general information on the subject area to the other Board Members.

(3)(a) "Transaction involving the Exchange" means a proceeding, application, submission, or other determination, contract, claim, case, or other similar matter that the Board Member in question believes, or has reason to believe:

- (i) Is, or will be, the subject of Board action;
- (ii) Is one to which the Exchange is or will be a party; or
- (iii) Is one in which the Exchange has a direct and substantial proprietary interest.

(b) "Transaction involving the Exchange" does not include the following: Preparation, consideration, or enactment of legislation, including appropriation of moneys in a budget, or the performance of legislative duties by a member; or a claim, case, lawsuit, or similar matter if the

Board Member did not participate in the underlying transaction involving the Exchange that is the basis for the claim, case, or lawsuit. Rulemaking is not a "transaction involving the Exchange."

(4) For the purposes of subsection (3)(a)(i), "Board action" means any action on the part of the Board, including, but not limited to:

(a) A decision, determination, finding, ruling, or order; and

(b) A grant, payment, award, license, contract, transaction, sanction, or approval, or the denial thereof, or failure to act with respect to a decision, determination, finding, ruling, or order.

C. Disclosure of Basis for Recusal

If a Board Member recuses himself or herself pursuant to this section, the Board Member shall disclose to the public the reasons for his or her recusal from any Board action whenever recusal occurs. The Board staff shall record each recusal and the basis for the recusal.

II. GIFTS

A. No Board Member or employee of the Exchange may receive, accept, or solicit, anything of economic value as a gift, gratuity, or favor from a person if it could be reasonably expected that the gift, gratuity, or favor would: (1) Influence the vote, action, or judgment of the Board Member or employee; or (2) Be considered as part of a reward for action or inaction.

B. No Board Member or employee of the Exchange may accept gifts with an aggregate value of \$50 from a single source in a calendar year, or a single gift from multiple sources with a value in excess of \$50, unless such a gift is donated to a charitable organization within 30 days of receipt. The value of gifts given to family members are attributable to the Board Member or Exchange employee for the purpose of determining whether the \$50 limit has been exceeded, unless an independent business, family or social relationship exists between the donor and the family member.

C. The following items are not subject to the \$50 limit in subsection II.B.

1. Items received from family members or friends, when the gift was not made to gain influence with the Board or the Exchange.
2. Discounts available to all employees or members of an occupational or other broad-based group.
3. Loans from financial institutions made on usual and customary terms that are generally available to the public.

4. Unsolicited non-monetary promotional items of insignificant value (such as pens and notepads).
5. Unsolicited flowers, cards, candy, or other similar expressions of appreciation, which may be accepted on behalf of the Exchange, and, if feasible, shared in the office with all employees.
6. Food and beverages that are provided in connection with a business or professional event related to Exchange business.
7. Payments by a governmental entity or a nongovernmental entity, which does not provide nor seeks to provide goods or services to the Exchange, of reasonable expenses incurred in connection with a speech, presentation, or appearance made in an official capacity.
8. Payment of enrollment or course fees and reasonable travel expenses attributable to attending seminars and educational programs sponsored by a bona fide nonprofit professional, educational, or trade association, or charitable institution as long as the payer does not provide nor seek to provide goods or services to the Exchange.
9. Campaign contributions under chapter 42.17 RCW.

D. Even if a Board Member or employee is allowed to accept an item or favor or other thing of value under this policy, the Board Member or employee must still evaluate the propriety of accepting it. In evaluating the propriety, Board Members and employees should be sensitive to the source and value of the item or favor; the frequency of items or favors from one source; the possible motives of the giver; and the perception by others that it creates. When accepting anything of economic value, any doubt about the motive for it or the appearance created by it should always be decided by rejecting gifts, gratuities, or favors that may raise questions regarding the Board Member's or employee's integrity, independence, and impartiality.

E. An employee who receives a gift prohibited under this policy must report it to his or her supervisor. A determination will be made regarding the disposition of the item.

F. Exchange funds may not be used to provide personal gifts, favors or benefits to others within the organization or outside parties except for reasonable business related expenses that comply with state and federal regulations.

III. CONFIDENTIAL INFORMATION

“Confidential information” means information, whether labeled confidential or not, that is not available to the public; information that is proprietary, which if disclosed could result in financial detriment or loss of trust in the operation of the Exchange; and any information required by law not to be disclosed.

Board Members and Exchange employees may have access to information which is not available to the general public. Board Members and employees may not disclose confidential information.

Board Members and employees must use prudence and good judgment when handling confidential information about the Exchange.

Confidential information shall be used solely for the Exchange's purposes and under no circumstances revealed to unauthorized persons, except as required to be disclosed under the Open Public Meetings Act, chapter 42.30 RCW, or disclosed as a public record under the Public Records Act, chapter 42.56 RCW. If an employee or Board Member knows that a record is required to be released pursuant to law, the employee or Board Member has an affirmative duty to properly disclose the record.

No Board Member or employee may divulge Exchange information or proprietary information in the Exchange's possession, whether labeled confidential or not, to any unauthorized person or entity in advance of the time prescribed for its authorized issuance; or in any way make use of, or permit others to make use of, information not available to the general public.

No Board Member or employee may accept employment or engage in any business or professional activity which he or she might reasonably expect would require or induce him or her to disclose confidential information acquired by him or her through his or her position with the Exchange.

IV. USE OF EXCHANGE POSITION AND RESOURCES

No Board Member or employee may use his or her position or employment, or use Exchange facilities, equipment or supplies, to obtain or attempt to obtain private gain or advantage, either for themselves or for other persons.

Except in the course of official duties, no Board Member or employee may use his or her position or employment with the Exchange, or use Exchange facilities, equipment or supplies, to assist another in a transaction involving the Exchange, or use his or her influence over the Board or the Exchange to obtain or attempt to obtain gain or advantage for the person or entity seeking to transact business with the Exchange.

V. SUBSEQUENT EMPLOYMENT

A Board Member or employee shall not accept employment or compensation if the Board Member or employee knows, has reason to believe, or circumstances would lead a reasonable person to believe that the employment or compensation was offered as influence, compensation, or reward for the performance or non-performance of official duties while serving on the Board or employed by the Exchange.

A former Board Member or employee may not assist another person or entity, whether or not for compensation, in any transaction involving the Exchange in which the former Board Member or employee participated while in his or her position on the Board or with the Exchange. For the purposes of this section, "transaction involving the Exchange" has the meaning set forth in subsection I.B(3).

A Board Member or employee may not accept employment or compensation from an employer within one year of termination of his or her position with the Board or Exchange if, during the previous two years:

- A. The Board Member or employee negotiated or administered a contract or contracts with the new employer or was in a position to make discretionary decisions affecting the outcome of such negotiations or administration; and
- B. The duties with the new employer would include controlling, supervising or directly participating in the implementation or administration of that contract or grant.

Within two years of leaving the Board or Exchange, a former Board Member or employee may not have or obtain a beneficial interest in a contract or grant which was expressly authorized or funded by the Exchange and in which the Board Member or employee participated.