

TO: All School of Medicine Faculty on the Health Sciences Compensation Plan – Includes BSCP, MCP, PCCP, AND ILP

FROM: Jonathan R. Hiatt, M.D.
Vice Dean for Faculty
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RE: Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants – FAQs under APM-670 and APM-671

Dear Colleagues:

This memo is intended to clarify the rules, limitations, and interpretations of University and School of Medicine policies with regard to outside professional activities, compensated and uncompensated, and to make clear the responsibility of faculty members to report, when required, time spent and income earned when engaging in such activities. Copies of your department's Compensation Plan Bylaws can be obtained from your department office. The UCLA School of Medicine Implementing Procedures Under the UC Health Sciences Compensation Plan can be found at this link:

http://academicaffairs.dgsom.ucla.edu/files/view/docs/academic-personnel/SOM_Imp_Proc_APM-671_Final_Version_3-19-15.pdf

Health Sciences Compensation Plan (HSCP) policy governs the Basic Science Compensation Plan (BSCP), Medical Compensation Plan (MCP), Ph.D. Clinical Compensation Plan (PCCP), and Income Limitation Plan (ILP). For this memo, all of these will be referred to as HSCP or "the Plan."

The fundamental principle of the HSCP is that faculty are compensated above the level of the University fiscal year base salary rate (X) in the form of an additional increment of covered compensation (X') and possible negotiated additional compensation (Y), in return for which the University and the School of Medicine obtain the full-time professional services of the faculty member. HSCP members must recognize that all of their professional services are owed to UCLA. This interpretation is consistent with University regulations that determine the full-time obligations of faculty. As the HSCP is an important covenant among the School of Medicine, the University of California, and the public, each of us must guard the integrity of the Plan vigorously.

Faculty members can engage in outside consulting and other activities in accordance with University policies. The UCLA Guide to Faculty Consulting Activities and Consulting Agreements contains helpful information on the rules and requirements for engaging in outside activities, and can be found at this link:

<http://www.oip.ucla.edu/sites/default/files/consulting-agrt-9-01-09-final.pdf>

(For University designated officials such as vice chancellors and deans, specific rules governing gifts and honoraria apply. Please contact the Vice Dean for Faculty for information in this regard.)

Academic personnel policies are covered in the UC Academic Personnel Manual. The HSCP is found in Section 670. Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan

Participants is found in Section 671. Faculty members who are not participants in the HSCP are subject to Conflict of Commitment and Outside Activities of Faculty Members found in Section 025.

The current versions of APM-670, APM-671, and APM 025 may be found at:

<http://academicaffairs.dgsom.ucla.edu/files/view/docs/compensation/apm-670.pdf>

<http://www.ucop.edu/academic-personnel-programs/files/apm/apm-671.pdf>

<http://www.ucop.edu/academic-personnel-programs/files/apm/apm-025-07-01.pdf>

Who is covered by these policies?

Anyone who is a member of the HSCP, regardless of the percent of full-time appointment effort, is covered by these policies and subject to the reporting requirements. University Policy requires that members of the faculty of the School of Medicine be members of the HSCP if they hold a University funded appointment at greater than 50% of full-time in any of the following series: Professor, Professor In-Residence, Professor of Clinical X, Adjunct Professor, Health Sciences Clinical Professor, and Visiting Professor, at all ranks. Faculty at 50% or less time may be approved for Plan membership as exceptions to policy. As a member of a compensation plan, provisions in the University of California HSCP and the SOM Implementation Procedures constitute conditions of employment. If you are unsure of your status, please contact the academic personnel coordinator in your department for clarification. Please see Question 27 if you are a participant in an ILP Compensation Plan.

Are fellows covered?

Yes. Fellows, if compensated as Instructors at greater than 50% of full time, are members of the Plan, covered by the policies, and are subject to the reporting requirements specified in their department's Compensation Plan Bylaws. We suggest that reporting be done at the time of fellowship completion and separation from the University.

In order to bring a measure of clarity to a complex set of rules and regulations, here are two bedrock principles that everyone must understand:

Assigned University duties take precedence over any anticipated or available outside activities.

Regent's Standing Order 103.1(b) states that faculty members shall not allow outside employment to interfere with primary University duties. APM 671-4 b states that a conflict of commitment occurs when a faculty member's outside professional activities, whether compensated or uncompensated, interfere with the faculty member's professional obligations to the University of California. APM-020 states that members of the faculty may render professional or scholarly services for compensation, unless they are prohibited by the terms of their appointment from accepting such compensation, **but in no case may such employment be solicited or interfere with regular University duties.**

All Category I and Category II activities, compensated and uncompensated, must be reported.

Outside professional activities are placed into separate categories based on their potential to create a conflict of commitment. Because Category I activities are generally performed for a third party and can require significant professional commitment, they are the most likely to create a conflict of

commitment. Category II activities are shorter term and are less likely to create a conflict of commitment. Plan members are required to report annually all compensated and uncompensated Category I and Category II activities that are conducted during the 12 months of a reporting fiscal year.

Some of the common questions regarding outside activities are set forth below.

1) What types of activities are considered outside professional activities?

Outside professional activities are defined in APM-671 as: “Those activities that are within a faculty member’s area of professional, academic expertise and that advance or communicate that expertise through interaction with industry, the community or the public.” They are further defined by three distinct categories (see #4 below). Outside non-professional activities are defined as “activities that are part of the faculty member’s private life and are not expressly governed by University regulations or by the guidelines on outside professional activities.”

2) How much time may I devote to outside professional activities?

APM-671 states that Plan participants may devote not less than 21 days but not more than 48 days annually to compensated and uncompensated outside professional activities. Please refer to your department’s Compensation Plan Bylaws which have set the maximum number of days that may be devoted to outside professional activities on an annual basis.

3) What do I do with the income from outside professional activities?

You may retain income earned from certain outside professional activities up to a maximum annual outside professional activities approval threshold, which is currently set at \$40,000 or 40% of your fiscal-year scale 0 base salary rate (X), whichever is greater, for your rank and step. Income earned from these activities, above your threshold, requires preapproval from your Chair and must be deposited to the Plan. Income earned from certain other activities may be retained by you and does not count toward the earnings approval threshold.

4) What kinds of outside professional activities are subject to the time allotment set by my department’s Compensation Plan Bylaws, and the annual outside professional activities earnings approval threshold set by the Plan?

APM-671 places outside professional activities into three distinct categories, defined by the level of conflict of commitment that each activity may create. Time spent in, and income earned from, Category I and Category II activities are subject to the time allotment set by your department and the earnings approval threshold set by the Plan.

CATEGORY I activities are outside professional activities that are most likely to raise conflicts of commitment because: 1) they are activities related to the training and expertise which are your qualifications for University appointment, but performed for a third party, and/or 2) they require a significant professional commitment. Category I activities include, but are not limited to, assuming an executive or managerial position in a for-profit or not-for-profit business, which is generally not allowed; assuming a founding/co-founding role of a company; teaching, research, or administration of a grant outside the University (which is normally not allowed if the University would ordinarily administer the grant); establishing a relationship as a salaried employee outside the University; and

engaging in other compensated or uncompensated outside professional activities which common sense and good judgment would indicate are likely to raise issues of conflict of commitment. Category I activities count toward your time allotment determined by your department's Compensation Plan Bylaws, and the income earned counts toward your earnings approval threshold. Category I activities, both compensated and uncompensated, must, by Plan policy, be reported.

CATEGORY II activities are typically shorter term professional activities that are outside the course and scope of your University employment. Category II activities are less likely to raise issues of conflict of commitment, and include the following examples: providing expert testimony in administrative, legislative or judicial proceedings; providing consulting services for government agencies and for for-profit and non-profit entities; serving on the board of directors of an outside entity; consulting under the auspices of the University of California; additional University-compensated teaching, including teaching for UNEX course and programs, other continuing health education programs administered by the University, and self-supporting UC degree programs outside the Plan member's teaching load; and providing a workshop for industry. Category II activities count toward your time allotment determined by your departmental Compensation Plan Bylaws, and the income earned counts toward your earnings approval threshold. Category II activities, both compensated and uncompensated, must, by Plan policy, be reported.

5) What is the definition of a day spent in Category I and Category II activity?

A day is defined as 8 hours. Reporting can occur in quarter hour increments.

6) Am I free to engage in Category I and Category II activity on my own time, for example on the weekend?

Yes, you may, but the time spent and the income earned count toward the time limit set by your departmental Compensation Plan Bylaws, and your earnings approval threshold set by the Plan. This applies also to Category I and Category II activities performed in the evenings and while on approved leaves with pay such as sabbatical and vacation.

7) Are there any activities that I might perform, and/or income that I might receive, that are exempt from the time limit set by my department and the earnings approval threshold set by the Plan?

Yes.

CATEGORY III activities are within the course and scope University employment, are integral to all disciplines, and ordinarily do not present issues of conflict of commitment. According to APM-671, the following are examples of Category III activities: serving on a federal, state or local government agency committee, panel or commission; acting in an editorial capacity for a professional journal; reviewing journal manuscripts or grant contract proposals; attending and presenting talks at scholarly colloquia and conferences; and serving as a committee member, an officer or board member of a professional or scholarly society. Category III activities do not count toward your time allotment determined by your department's Compensation Plan Bylaws, and the income earned may be retained by you and does not count toward your earnings approval threshold. Category III activities are not subject to the Plan's reporting requirement.

OTHER ACTIVITIES INCOME listed below may be retained by you and does not count toward your earnings approval threshold. The time related to these activities does not count toward your time allotment as determined by your departmental Compensation Plan Bylaws. Participation in these activities is not subject to the Plan's reporting requirement.

Other Activities Income:

Prizes, defined as gifts in recognition of personal achievements and not for services rendered.

Royalties, defined as shares or proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies. Industry-supported payments for authorship, whether or not as part of a consulting agreement with a company or similar agency, are not considered to be royalties; retention/non-retention of such payments is subject to the time and/or earnings approval threshold for outside professional activities.

Honoraria, defined as payments by academic or scientific agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California, and are not in return for other services, whether given directly or indirectly. Industry-supported payments for lectures and /or presentations, whether or not as part of a consulting agreement with a company or similar agency, are not considered to be honoraria; retention/non-retention of such payment is subject to the time and/or earnings approval threshold for outside professional activities.

University honoraria, defined as payments for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy.

Administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.

Income from a profession or activity unrelated to training and experience that is your qualification for University appointment, as determined by your Department Chair in consultation with the Vice Dean for Faculty.

8) Do outside professional activities require advance approval?

Under APM-671, Category I activities require advance written approval from the Chancellor or designee because they are most likely to raise conflicts of commitment. The designee for the approval of Category I activities is the Vice Chancellor for Academic Personnel, and requests for approval of such activities are to be directed first to your Chair followed by the Vice Dean for Faculty in the School of Medicine for submission to the Vice Chancellor. An editable PDF Category I Prior Approval Form is available at:

http://academicaffairs.dgsom.ucla.edu/files/view/docs/compensation/Category_I_Prior_Approval_Form.pdf

Also, if you wish to engage in any Category I or Category II activity that might reasonably be expected to cause your time allotment, as determined by your department's Compensation Plan Bylaws, and/or your total annual earnings to exceed your annual earnings approval threshold, you

must request prior written approval for each engagement from your Chair before proceeding. All income earned from these engagements is owed the Plan. An editable PDF Prior Approval Form Request to Exceed Time and/or Earning Threshold(s) is available at:

http://academicaffairs.dgsom.ucla.edu/files/view/docs/compensation/Request_to_Exceed_Time_or_Earnings_Threshold.pdf

9) Can any exception be made to retain income beyond my annual outside professional earnings approval threshold?

In the event that you participate in an engagement that results in earnings above your maximum annual outside professional earnings threshold, and you believe that circumstances warrant your retention of such income, you must request an exception which only the Chancellor or his/her designee has the authority to approve. If the request is denied, the income is owed the Plan. An editable PDF Prior Approval Form Request to Retain Income Beyond Earnings Threshold is available at:

http://academicaffairs.dgsom.ucla.edu/files/view/docs/compensation/Request_to_Exceed_Earnings_Retention_Threshold.pdf

10) If the income earned from these engagements is deposited into my department's HSCP account, why should I bother engaging in activities that exceed the thresholds for time and earnings?

Such judgments must be made by individual faculty, but there are reasons to perform such services beyond the reason of personal income. For example, such activities can be used in developing relationships with industry. The deposited income may be used for funding your expenditures in support of your research and academic activities and/or returned to you as a Z payment, minus applicable assessments as published in your department's Compensation Plan Bylaws.

11) What happens to outside income that I am required to deposit into a HSCP account?

By March 31 of each fiscal year you shall, with your Chair's approval, select one of the following options for income deposited into your department's HSCP account:

OPTION A: Z Payment

Income is paid as a Z payment minus applicable assessments as published in your department's Compensation Plan Bylaws.

OPTION B: Academic Enrichment Account

Income is allocated to an Academic Enrichment Account to be used to support University-approved academic professional activities in support of your academic work.

OPTION C: Designated Academic Enrichment Account and Z Payment

A defined part (flat dollar amount or percentage) of the income is allocated to an Academic Enrichment Account and the remainder is paid to you as a Z payment.

Once your option has been approved by your Chair, changes are not permitted under any circumstances until the following fiscal year. An editable PDF Academic Enrichment Election Form is available at:

http://academicaffairs.dgsom.ucla.edu/files/view/docs/academic-personnel/AE_Election_Form.pdf

12) How do I account for my time devoted to, and income earned from, Category I and Category II activities?

You are responsible for maintaining a running total of your time and earnings related to Category I and Category II activities. You are required to provide an annual report to your department Chair of time and earnings for the period beginning July 1 through June 30 of the reporting fiscal year. You are obligated to provide an annual report even if you do not engage in outside professional activities during the reporting year. Your department's Compensation Plan Bylaws set a deadline date for submission of annual reporting of Category I and Category II activities.

The School of Medicine has begun the construction of an electronic reporting system, Outside Activity Tracking System (OATS). OATS is being designed as an easy to use web-based system through which you will be able to report, in real time, Category I and Category II compensated and uncompensated activities and income. The anticipated system implementation date is July 2016. Until OATS is available for use, reporting of Category I and Category II activities for the 2015-2016 fiscal year can be accomplished using the Annual Health Sciences Compensation Plan Reporting Form For Category I and II Outside Professional Activities. An editable version of this form can be found at:

http://academicaffairs.dgsom.ucla.edu/files/view/docs/compensation/Annual_Reporting_Form.pdf

13) Are there any other rules that apply to consulting for industry?

Yes. These are contained in the DGSOM Guidelines on Industry Relations and the UCOP Vendor Policy at:

<https://www.uclahealth.org/Pages/about-us/industry-relations/vendor-resources.aspx>

14) What is "professionally-related income?"

The simplest definition of "professionally-related income" is income derived by using the skills and training that caused the DGSOM to hire you. The presumption is that any income from clinical or scientific activities is professionally related, and the burden of proof is on the faculty member to show that such income is not professionally related.

15) I also work at, and am paid by, an affiliate institution. Is this activity considered an outside professional activity that must be reported? Does my time spent there, and income earned, count toward my time and earning thresholds?

If you are a salaried employee of an institution which has a formal affiliation agreement with the University of California, your employment with that institution is not considered an outside professional activity. Your employment effort and income earned do not count toward your time

and earning thresholds. The University has formal affiliation agreements with Cedars-Sinai Medical Center, Charles R. Drew University of Medicine and Science, Doheny Eye Institute, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center, Rand Corporation, and the VA Greater Los Angeles Healthcare System.

16) May I engage in outside professional activities for another hospital or clinic not affiliated with the University?

Patient care (clinical) activities must be provided within the University setting, or at an institution which has a formal affiliation agreement with the University. Such activities performed for another hospital or clinic not affiliated with the University may occur only under a Clinical Services Agreement with the hospital or clinic. If you require more information about the process, please contact your respective departmental Chief Administrative Officer.

17) I am a physician and my professional activities at UCLA are limited to my clinical specialty. May I undertake moonlighting activities, and may I keep income from moonlighting if my extramural activities involve clinical activities distinct from those I practice at UCLA?

No. Moonlighting is prohibited by University policy for all faculty in the HSCP. In no case will Plan participants be allowed to retain income from patient care or any other type of clinical activities.

18) What if, after reviewing the information provided in this document, I am not sure if my outside activity is a professional activity?

If the type of activity is not referenced in Category I, II, or III, listed above, you should check with your Chair, who will make that determination, in consultation with the Vice Dean for Faculty.

19) Am I covered by University insurance when I provide outside professional services?

As a general rule, outside professional services are not covered by University insurance programs. University insurance coverage is set out in BUS-81 and can be found at:

<http://policy.ucop.edu/doc/3520505/BFB-BUS-81>

There are exceptions that allow the University to provide insurance coverage for certain outside professional activities. If you conduct activities within the course and scope of your University employment, including those activities covered as part of a professional services agreement (PSA) or a consulting agreement executed with the Regents on your behalf, you are covered by the University's general and professional liability program. All patient care and clinical activities must be conducted in accordance with applicable professional credentials and privileges. All activities that are performed at non-University sites must be done through a formally approved affiliation relationship, consulting contract, or PSA executed between the Regents of the University of California and the outside organization.

The University's general and professional liability and workers' compensation coverage does not extend to your activities that are outside of the course and scope of your University employment. If you engage in activities that are not covered by an appropriate consulting agreement, training affiliation or professional services agreement, coverage does not extend and The Regents will not

indemnify and defend you in any action brought subject to these outside activities. If you engage in professional activities that are outside the course and scope of your University employment you are encouraged to obtain outside legal consultation, as needed, and consider, if advised, obtaining personal liability insurance.

20) I accepted an invitation to provide a service in my areas of professional expertise to a Category I or Category II entity and they wish to pay me by check for services rendered. Who should the check be made out to?

The company should pay you directly. The company does not pay the University directly because the University is not a contracting party to the arrangement.

21) A firm asked me to consult for them monthly and in return for my consultation they will provide an honorarium. As it is honoraria given by an agency outside the University (as defined in Other Activities Income above), are these honoraria excluded from my annual outside professional activities earnings approval threshold?

No; these payments are not honoraria. Since consulting is a professional service identified as a Category II activity under Plan policy, income from consulting counts toward your earnings approval threshold. Such income earned above the approval threshold is owed the Plan. The Plan defines honoraria as "payments...for occasional lectures...which are not in return for other services..." The fact that such services are to be rendered on a regular basis precludes their exclusion as "honoraria." Simply calling consulting payments "honoraria" does not exclude them from the Plan.

22) I am occasionally asked by a for-profit entity (pharmaceutical company, medical appliance manufacturer, etc.) to speak. They offer an honorarium. As it is honoraria given by an agency outside the University (as defined in Other Activities Income above), may I retain this income and consider it exempt from my annual outside professional activities earnings approval threshold ?

These payments are not honoraria. They represent a service to a Category II for-profit entity and may be retained, but do count toward your earnings approval threshold. Such income earned above the approval threshold is owed the Plan. Occasional lectures or presentations to academic institutions or societies are legitimately claimed as honoraria and exempt for your earnings approval threshold; lectures or presentations to for-profit entities are not.

23) A firm for which I have consulted wishes to pay me in stock, stock options, or non-cash compensation rather than cash. What should I do with non-cash compensation or security received in payment of services?

You are required to disclose non-cash compensation received in exchange for professional services within 30 days of receipt.

STOCK received in lieu of compensation for Category I and Category II outside professional activities must be disclosed to the Department Chair and to the Dean's Office within 30 days of the date of receipt, at which time it will be valued. If the stock is given to you at no cost, the stock may be retained by you but dollars equal to the stock's full value on the date of receipt do count toward your earnings approval threshold. Dollars equal to the stock's full value on the date of receipt are owed the Plan if earned above your approval threshold. If the purchase price is equal to the market

price/value on the date of receipt, no amount is counted toward your earnings approval threshold. And, if earned above your approval threshold, no money is owed the Plan. If the purchase price is below valued price on the date of receipt, the difference between the purchase price and the value of the stock on the date of receipt counts toward your earnings approval threshold. Dollars equal to the difference is owed the Plan, if earned above your approval threshold. Following a determination of the value of the stock, you will be notified of the nature of any Plan obligations, based on the above methodology. Should you neglect to disclose the stock at the time of receipt, the difference between the purchase price or value of the stock at the time of receipt and the value of the stock at the time it is disclosed will be applied to your earnings threshold. If the disclosure occurs after you have reached your approval threshold, the dollar difference will be owed the Plan. Disclosure at the time of receipt is required regardless of the stock's potential valuation, and regardless of whether you believe that any dollars are due the Plan.

STOCK OPTIONS received in lieu of compensation for outside professional activities also must be disclosed to the Department Chair and the Dean's Office within 30 days of the date the stock option agreement is signed. The Dean's Office will obtain a valuation of the stock as of the date of the agreement. If the option offer price is equal to or greater than the stock's valuation/market price on the date the agreement is signed, no amount is counted toward your earnings approval threshold. And, if earned above your approval threshold, no money is owed the Plan. If the option price is below the stock's valuation/market price on the date the agreement is signed, the difference between the option price and the value of the stock is counted toward your earnings approval threshold. And, if earned above your approval threshold, the difference in dollars is owed the Plan. Following a determination of the value of the stock, you will be notified of the nature of any Plan obligations, based on the above methodology. Should you neglect to disclose this information within 30 days of signing such stock option agreements the difference between the offered option price at the time the agreement was signed and the value of the stock at the time it is disclosed will be applied to your earnings approval threshold. And, if earned above your approval threshold, the difference in dollars is owed the Plan. Disclosure of stock options is required regardless of 1) the stock's potential valuation, 2) whether you intend to exercise the options, and 3) whether you believe that any dollars are due the Plan.

FOUNDERS' STOCK received in lieu of compensation for outside professional activities must also be disclosed to the Department Chair and to the Dean's Office within 30 days of the time of receipt. It will be valued at the time of receipt and any value will be applied to your earnings approval threshold. And, if earned above your approval threshold, dollars equal to the stock's value is owed the Plan. Since the value of founders' stock is generally insignificant, in most cases a negligible amount would be applied to your earnings approval threshold or, if earned above the threshold, owed the Plan. However, if the founders' stock is not disclosed upon receipt, the value of the stock at the time of disclosure will be applied to your earnings approval threshold, or, if earned above the threshold, equivalent dollars will be due the Plan.

24) The firm for which I consulted wishes to defer payment of consulting fees. Is this permitted under the Compensation Plan?

Deferred income generated by Category I and Category II activities counts toward your earnings approval threshold. Such income, under the constructive receipt doctrine, may be taxable at the time services are rendered, or at the time the income is made available to you. Whether you have constructively received an amount depends on the facts and circumstances of the particular case. In

this instance, you are advised to consult with your tax advisor. HSCP policy requires that income earned from Category I and Category II activities beyond your earnings approval threshold, and owed to the HSCP, should be deposited to the Plan at the time that the services are rendered and payment is made. Arrangements for deferred income due the Plan must be approved by the Chair. Deferral of payments to a time past employment with the University (e.g., post-retirement) will not be permitted.

25) I wish to buy stock or otherwise invest in a company for which I have consulted. Does the Plan limit such investments?

No. The basic principle of the HSCP is that you owe the University your time; your money is your own to do with as you please. You should be aware of Conflict of Interest regulations that govern the reporting of such holdings in case you receive a grant or contract from the same source, but the Compensation Plan itself is not directly affected.

26) I am a participant in the Income Limitation Plan (ILP) version of the Compensation Plan. Are there any differences from the rules and the responses listed above?

The ILP is governed by the same principles as the other Compensation Plans. There is a difference in the reporting mechanism for Category I and Category II income; ILP participants retain income beyond the earnings threshold, that is normally owed the Plan, but are required to report that income on the annual ILP report form. Such income is subject to assessment rates determined by Plan policy.

27) I wish to found a company that will pursue research in my area of expertise. How will the HSCP limit such ventures?

This is an extremely complex question because three fundamental issues may be intertwined: the HSCP is owed professionally related income; the faculty member has an unrestricted right to invest his/her own money; the University and the faculty member share ownership of intellectual properties such as inventions that were developed using University resources (e.g., laboratory space). Each situation needs to be individually examined.

If you, as founder of a company, will be assuming any executive and/or managerial role in the company, this is a Category I activity and requires preapproval.

Please note that members of the Plan may not formulate partnerships, be separately incorporated, or be members of a group professional corporation, or the legal equivalent thereof, for the provision of professional healthcare.

28) What are my ongoing reporting obligations as a founder, or even co-founder of such a company?

The initial establishment of a company, which under most circumstances requires a "significant professional commitment," is considered a Category I activity and requires prior approval.

29) Am I obligated to periodically renew, by prior approval, my continuing role as a founder or co-founder a company?

No. Once the company has been established, no further prior approval is required for your role as founder/co-founder of the company. However, if, subsequent to the establishment of the company, you continue your association with the company in either an executive or managerial position, or as an employee of the company, all roles are considered Category I activities, and you are then required to obtain prior approval.

30) If I receive no compensation for my efforts in an executive or managerial position, am I still obligated to pursue prior approval for my activities with the company?

Yes. Category I activities, although performed without compensation, require prior approval and count toward your time threshold for outside professional activities as determined by your department's Compensation Plan Bylaws.

31) If I were to continue my relationship with the company as a member of the board of directors, would I be obliged to seek prior approval?

No. Serving on a board of directors is a Category II activity which does not require prior approval. However, the activity counts toward your annual time allotment as determined by your department's Compensation Plan Bylaws, and earned income, if received, counts toward the earnings approval threshold.

32) What are my obligations if I were to enter into a consulting arrangement with the company?

Consulting is a Category II activity and does not require prior approval. However, the activity counts toward your annual time allotment as determined by your department's Compensation Plan Bylaws, and earned income counts toward the earnings approval threshold.

33) I founded (or co-founded) a company prior to the implementation, in July 2015, of APM 671, which has determined that assuming a founding/co-founding role of a company to be a Category I activity. Am I now obliged to seek retroactive approval as founder (or co-founder)?

No. However if you presently have a continuing association with the company in any of the roles discussed in the questions/answers above, then the activity, and the time and income earned, are to be disclosed and reported as specified in each instance above.

Please note that members of the HSCP may not formulate partnerships, be separately incorporated, or be members of a group professional corporation, or the legal equivalent thereof, for the provision of professional healthcare.