

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the
Regents
December 19, 2013

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Health IT, LLC

Action Requested: Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and agreed to by the parties involved in this plan.

This proposed Option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. Klinkman is both an employee of the University of Michigan ("University") and a partial owner of Health IT, LLC. The law permits such an Agreement provided it is disclosed to the Board of Regents ("Regents") of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Klinkman, Professor in the Departments of Family Medicine and Psychiatry, is the partial owner of a for-profit company called Health IT, LLC. (the "Company"). The Company was formed recently to commercialize "M-DOCC Clinical Record" an online behavioral health care management and collaboration platform for community care managers as well as clinical outcomes assessment data for enrollees at regular intervals and desires to obtain an option from the University of Michigan to the University's rights associated with the following technology:

UM OTT File No. #5830, entitled: "M-DOCC Clinical Record" (Michael S. Klinkman, Kevin B. Kerber and Michelle Kaston).

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and Health IT, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee.

The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Klinkman arise from his ownership interest in Health IT, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for the University's rights related to UM OTT File No. #5830 for all fields of use. Health IT, LLC will obtain use and evaluation rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Option Agreement between the University and Health IT, LLC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is written in a cursive style with a large, sweeping initial "S".

Stephen R. Forrest
Vice President for Research

December 2013