

2016 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2016.
Please return your response to sonja.nesbit@arentfox.com no later than
May 26, 2017.

Background on CHCA partnership with Vizient

As of January 2013, CHA's Group Purchasing Program was almost fully outsourced to Vizient. CHA maintains direct relationships with participating hospitals and grants access to a customized Vizient program which includes access to the Vizient national portfolio of contracts, custom contracts specific for CHA members, account management, access to analytic tools and more. CHA members are required to adhere to all of Vizient's policies as it relates to Code of Conduct, Conflicts of Interest and Confidentiality.

OWNERSHIP AND ORGANIZATIONAL STRUCTURE

1. Describe the ownership structure of your GPO and/or its parent or affiliated companies, including details regarding the following:
 - Person(s) or entities that control the majority of voting interests in your GPO;
 - The types of equity holders of your GPO (e.g., publicly-held company, healthcare providers, individuals, for-profit and/or not-for-profit entities);
 - The corporate form of your GPO and/or its parent or affiliated companies – such as corporation, partnership, limited liability company, co-op;
 - Whether the GPO is organized as a for-profit or not-for-profit organization; and
 - Location of corporate headquarters.

 - The Children's Hospital Association (CHA) was formed in 2011, and combines the strengths and talents of three organizations: Child Health Corporation of America (CHCA), National Association of Children's Hospitals and Related Institutions, Inc. (NACHRI) and National Association of Children's Hospitals, Inc. (N.A.C.H.). The business of the Association is conducted under the three legacy organizations.
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 - Child Health Corporation of America's (CHCA's) group purchasing program provides services to more than thirty (30) Children's Hospital. The equity holders are all pediatric healthcare providers. CHCA is a taxable, for-profit cooperative, and is organized in the state of Delaware. CHCA is a subsidiary of the National Association of Children's Hospitals (N.A.C.H.) which is a 501(c)6 organization.
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 - CHA operates largely on a single set of policies and procedures for all of our business, however there are some distinct differences related to the GPO services

provided by CHCA. Throughout the questionnaire, we will refer to CHA for the majority of responses, but where these differences exist, we'll refer to CHCA and/or NACHRI to clarify any distinctions.

2. Describe the composition of your Board of Directors or other governing body and reflect any changes from the previous HGPII reporting year. Include the following in your response:

- Number of individuals serving on your Board;
13
- Percentage of Board representing GPO customers;
54% (7 Board members)
- Percentage of Board that are employees of the GPO; and
One Director is the President and CEO of the organization.
- Percentage of Board members also serving as employees, officers, or directors of a participating vendor.
None

3. Indicate whether any equity holder of your GPO and/or its parent or affiliated companies is a physician (or an immediate family member of a physician).

There are no equity holders of the GPO that are physicians or have immediate family members that are physicians.

CONFLICT OF INTEREST

4. Describe the GPO's policies and procedures that address conflicts of interest for:

- Employees in a position of influence with regard to contracting decisions;
- Clinical Advisory Members; and
- Members of the GPO's Board of Directors or other governing body.

As part of your response, provide details about reporting requirements for conflicts and provide a copy of written policies.

The Code of Ethics and Professional Conduct, which includes the conflict of interest policy, applies to all personnel, as well as contracted temporary staff, non-employee Officers, Directors, Advisors or members of any committee of the Board of Trustees.

EMPLOYEES

All employees are required to disclose any potential conflicts of interest. The CEO, COO and employees of the Supply Chain Services division and any employee who is in a position to direct contract activity is required annually to divest "individual equity interest" in any supplier with whom CHCA or its national Group Purchasing partner has a contract or is negotiating a contract (i.e., stock, securities, options, warrants, debt instruments including loans, or rights to acquire any of the foregoing in a Vendor, but does include mutual fund investments). This prohibition of individual equity interest also applies to Vendors who

have indicated an interest in pursuing a contract with CHCA or our National GPO Partner. An employee's immediate family may have individual equity interest with contracted or potential vendors, but this ownership must be disclosed annually to CHA and the employee must recuse himself or herself from discussions and decisions related to contracting activities for such vendor.

No employee may accept from any vendor: gifts, gift cards, meals, entertainment, favors, personal services or payments that exceed a retail value of \$50. The total retail value of all gifts and entertainment received by an employee during each calendar year from one vendor shall not exceed \$100. The total retail value of all gifts received by an employee during each calendar year from all sources shall not exceed \$300. All employees shall complete an Entertainment and Gift disclosure form and submit it to the CHA Compliance Committee upon acceptance of any gift with a retail value below the guidelines. All gifts with a retail value above the guidelines must be returned to the vendor.

CLINICAL ADVISORY MEMBERS

The majority of contracting is conducted by our GPO partner, Vizient. Please refer to their response for policies related to clinical advisory members.

BOARD OF TRUSTEES

Any non-employee CHA forum member, or member of the Board of Trustees or a committee of the Board of Trustees of CHA, who is in a position to influence the GPO contracting decision and who has individual equity interest in any participating vendor, must disclose such ownership, including interests held by immediate family members, to the related forum or to the CHA governing Board and must recuse himself or herself from any discussions, negotiations or decisions relating to such participating vendor. Likewise, any participation on boards of contracted vendors must be disclosed by the non-employee in a position to influence contracting decisions for the purposes of recusal from discussions relating to that vendor.

5. Describe actions the GPO takes to avoid conflict of interest issues for members of the Board of Directors (e.g. disclosure and/or prevention of equity investments in participating vendor relationships and acceptance of gifts/meals/travel/entertainment paid for by vendors.)

Non-employee representatives from Children's Hospitals who serve on or participate in CHA committees are discouraged from accepting gifts, discounts, entertainment, favors, honoraria or personal service payments (normal business luncheons and dinners are excluded). Any non-employee member of a CHA committee in a position of influencing a contracting decision, must disclose any acceptance of any gifts, gift cards, meals, entertainment, favors, personal services or payments that exceed a retail value of \$50 from any vendor with whom CHA contracts either directly, or indirectly through our National Group Purchasing Partner.

6. Describe the GPO's policies and procedures that address activities, including other lines of business of the GPO and/or its affiliates (including non GPO services and strategic investments) that might constitute conflicts of interest to the independence of its purchasing activity. [1]

CHCA does not offer services that might constitute conflicts of interest with our contracting activities.

OTHER LINES OF BUSINESS

7. Describe other lines of business or investments of the GPO and its affiliates. We are interested in hearing about new as well as nontraditional GPO services that your company and its affiliates are involved with.

CHA's other business lines include:

- Pediatric Learning Solutions: LMS software and pediatric-specific online training designed specifically for children's hospitals.
- Data services and analysis: web-based data aggregation providing clinical, operational and financial benchmarking indicators.
- Best practice and knowledge spread: rapid cycle performance and quality improvement, revenue cycle and operations improvement through strategy development and networking communities.
- Research and Development: projects that identify and develop future pediatric health care strategies, assess and monitor new knowledge, and support infrastructure and program development.
- Aggregated Insurance Purchasing Opportunities: Pharmacy Benefit Management and self-insured employer sponsored health plans.

The National Association of Children's Hospitals, Inc. (N.A.C.H.) is the parent corporation of CHA and is a public policy affiliate of NACHRI. N.A.C.H. is a trade organization of approximately 140 children's hospitals and supports those hospitals in addressing public policy issues that affect their ability to fulfill their missions to serve children and their families. N.A.C.H. fulfills its mission through federal advocacy, collaboration and communication designed to strengthen the ability of children's hospitals to influence public policy makers, understand federal and state policy issues, advance access and quality of health care for all children and sustain financially their missions of clinical care, education, research and advocacy.

The National Association of Children's Hospitals and Related Institutions, Inc. (NACHRI), a sister corporation of CHCA, is an organization of children's hospitals with approximately 220 members in the United States, Canada, Australia, the United Kingdom, Italy, China,

¹ Business concerns, organizations, or individuals are affiliates of each other if, directly or indirectly, (1) either one controls or has the power to control the other, or (2) a third party controls or has the power to control both. (See 48 CFR, Section 9.403 (2007): Securities Act, Sec. 16, 15 USC 77p(f)).

Mexico and Puerto Rico. NACHRI promotes the health and well-being of all children and their families through support of children's hospitals and health systems that are committed to excellence in providing health care to children.

8. What policies or guidelines does the GPO have to address potential conflicts of interest with regard to other lines of business engaged in by the GPO and/or its parent or affiliated companies?

CHCA does not offer services that might constitute conflicts of interest with our GPO activities.

MONIES FROM VENDORS

9. Describe the GPO's policy with respect to the receipt of sponsorship funds, grants for research or other educational programs, or any other source of non-administrative fee revenue from vendors. What policies does the GPO have to guard against any potential conflict of interest relating to such payments?

As a matter of practice, CHA reviews all potential sponsorship funding, grants and other non-administrative fee revenue to ensure there are no conflicts of interest, real or perceived, across any of our business lines.

10. Does the GPO and/or its parent or affiliated companies accept vendor fees relating to conference sponsorship or exhibit booth space? What policies does the GPO have to guard against a potential conflict of interest relating to vendor participation in industry trade shows, and donations in general?

Children's Hospital Association has very limited conference sponsorship activities that are related mostly to our educational programs. Potential sponsors are reviewed by CHA's Senior Leadership team and, where applicable, the CHA Compliance Committee to ensure that sponsorship activity is free of any conflicts of interest.

11. Describe any services or products the GPO or its affiliates provide to vendors on a fee-for-service basis (e.g. data, claims processing, etc.).

None.

12. Does the GPO make annual disclosures of administrative fees received from vendors for contracting activities with respect to the member's purchase of products and services (e.g. safe harbor reports)? If this document is publicly available, provide an electronic link to this information.

Yes. In compliance with the Federal Anti-kickback statute GPO safe harbor, CHCA fully discloses in writing on an annual basis to each GPO customer the administrative fees

received from each vendor for the purchases made by or on behalf of each group purchasing customer. The documents are not publicly available.

13. Does the GPO disclose to members all payments other than administrative fees the GPO receives from any vendor in the course of the GPO's group purchasing activities (e.g. booth space, educational grants, marketing fees, honoraria, etc.) whether from the purchasing activity of those members or not? Describe your disclosure practices.

Sponsorship funds and grants are handled and managed by NACHRI and are kept separate and distinct from CHCA's GPO programming.

14. Describe the GPO's policy with respect to returning administrative fees to an ineligible vendor.

CHCA's Disclosure and Reporting of Vendor Payments policy requires CHCA to return to the vendor any material administrative fees received on purchases made by an ineligible member when practical.

MEMBER FEES

15. Does the GPO pay fees or offer equity to members upon the signing or re-signing of a participation agreement with the GPO or the joining or renewal of membership in the GPO program?

No.

BID AND AWARD/CONTRACTING ISSUES

All contracting is handled by our contracts management and supply chain partner, Vizient. CHA fully supports their processes, policies and procedures and asks the same of our member hospitals. Please refer to Vizient's submission for detailed responses to questions related to Bid and Award/Contracting Issues.

16. Does the GPO have a publicly-available description of its bid and award process? If so, provide a link and written description of your bid and award process. If not, describe how it may be obtained.
17. Describe the GPO's requirements for how products or services are published so they are accessible to potential vendors. If a bidder is not awarded a contract, is that bidder able to review the decision criteria used to evaluate the bid? Include in your response a general description of the GPO's criteria for vendor selection.
18. Describe the GPO's policy with regard to the use of single, sole, dual, and multi-source procurement and provide an example or two to support use of these contracting tools.
19. Does the GPO permit bundling of unrelated products or services from the same vendor or from different vendors? If so, under what circumstances would the GPO consider bundling to be appropriate?

20. Describe the process for contracting for clinical preference items. Describe the GPO's policy guiding the appropriate length/term of contracts for clinical preference products.

ADMINISTRATIVE FEES

All contracting is handled by our contracts management and supply chain partner, Vizient. CHA fully supports their processes, policies and procedures and asks the same of our member hospitals. Please refer to Vizient's submission for detailed responses to questions related to Bid and Award/Contracting Issues.

21. What is the GPO's practice regarding the amount of administrative fees accepted? If there is a written policy, please provide an electronic link or copy of the GPO's policy regarding these fees.
22. Describe the conditions in which the GPO accepts administrative fees beyond 3 percent, requiring specific (not blanket) disclosure under the Federal Regulatory Safe Harbor provisions?
23. Describe the range of administrative fees accepted and examples of the types of contracts (without specifying specific proprietary information) that have administrative fees greater than 3 percent.

PRIVATE LABEL PROGRAMS

24. Describe whether the GPO has a private label program and if so, describe the products the private label program covers.

CHA does not have a private label program.

25. Describe the GPO's practice regarding administrative fees derived from a private label program.

Not applicable.

VENDOR GRIEVANCE PROCESS

All contracting is handled by our contracts management and supply chain partner, Vizient. CHA fully supports their processes, policies and procedures and asks the same of our member hospitals. Please refer to Vizient's submission for detailed responses to questions related to Bid and Award/Contracting Issues.

26. Describe the GPO's policy and process with respect to responding to a vendor's grievance regarding the bid/award process.
27. Did any supplier, since submission of the last GPO's Public Accountability Questionnaire, request an evaluation pursuant to the HGPII Independent Evaluation Process? If so, please provide information regarding the outcome of such evaluation.

28. Does the GPO participate in HGPII's Independent Evaluation Process?
29. Is the HGPII Independent Evaluation Process displayed on the GPO's public website? If so, please provide an electronic link to this information.

INNOVATION

All contracting is handled by our contracts management and supply chain partner, Vizient. CHA fully supports their processes, policies and procedures and asks the same of our member hospitals. Please refer to Vizient's submission for detailed responses to questions related to Bid and Award/Contracting Issues.

30. Describe the GPO's policy and process to evaluate and provide opportunities to contract for innovative products and services.
31. Does the GPO have the right to enter into a GPO contract for innovative technology at any time during its bid and award cycle? Describe the process the GPO has for fostering the development of GPO contracts for innovative products.
32. Are GPO members allowed to evaluate products and/or communicate with vendors, regardless of whether a vendor has a contract with the GPO?
33. Are GPO members allowed to purchase non-contracted products or services directly from non-participating vendors?

VENDOR DIVERSITY PROGRAMS

All contracting is handled by our contracts management and supply chain partner, Vizient. CHA fully supports their processes, policies and procedures and asks the same of our member hospitals. Please refer to Vizient's submission for detailed responses to questions related to Bid and Award/Contracting Issues.

34. Describe the GPO's program or activities that encourage contracting with Diverse Suppliers (small, women-owned, veteran owned, minority-owned). Explain how you promote or market those programs to the GPO's membership and to Diverse Suppliers.
35. Has the GPO increased contracting with Diverse Suppliers over the prior year(s)? If so, quantify these increases within each Diverse Supplier category (SBE, WBE, VBE, and/or MBE).
36. Does the GPO have a Supplier Diversity Committee or other program or group for developing diversity goals and expanding opportunities? If so, describe. What are its mission, goals, and objectives? Does it work directly with the GPO's sourcing team in developing its goals and expanding opportunities? What are the Committee's significant achievements over the GPO's last fiscal year? If it is a committee, who are its members and how frequently does it meet?

37. Does the program described in question 36 provide education to member health systems regarding diversity program best practices and/or how to establish a Supplier Diversity Program within their system? Does it solicit member feedback to ensure it is meeting member expectations?
38. Describe any other actions concerning Supplier Diversity you think are important that are not covered by the preceding questions.

CODE OF CONDUCT

39. Provide a copy of (as well as an electronic link to) your GPO's written code of business ethics and conduct and describe any changes from the previous HGPII reporting year.

CHA has incorporated our code of business ethics and conducts into the employee manual which is available on our company intranet site for employees, agents and contractors.

40. Describe whether and in what manner the GPO distributes its written code of business ethics and conduct to all applicable employees, agents, contractors, clinical advisory committees, and others involved in group purchasing activity. How often is the code of conduct provided to employees? Do employees receive annual refresher training on the GPO's ethics and the code of conduct? Describe the content of the training and the method of delivery.

Employees, agents and contractors receive a copy of the employee manual which includes the code of business ethics and conducts upon hire, and the document is available on the company intranet. All new employees participate in a session on our Ethics and Compliance program, including the Code of Conduct, as part of their orientation training. In addition, all employees must complete mandatory online education courses, the respective tests and a complete a certification that s/he has read and understands the Code of Conduct. All employees complete refresher training and courses annually through a series of self-paced online courses and tests.

CHA does not distribute the Code of Ethics and Professional Conduct to members, the Board of Trustees or agents and contractors as they are no longer advising GPO contracting activities through CHCA. Any member serving on a Vizient Contracting Council is subject to their policies and procedures.

41. Describe the mechanism (e.g., a corporate review board, ombudsman, corporate compliance or ethics officer) for employees to report possible violations of the written code of business ethics and conduct to someone other than one's direct supervisor, if necessary.

Reports can be made to their manager's supervisor, any member of the internal Compliance Committee and/or confidentially to the Compliance Hotline.

REPORTING POTENTIAL ETHICAL VIOLATIONS

42. What process is used to protect the confidentiality of the reporting employee's identity and what safeguards are in place to mitigate the opportunities for retaliation?

Violations and possible ethical misconduct may be reported anonymously to the Compliance Hotline at (800) 684-6469. The hotline is staffed by an independent third party 24 hours a day, 365 days a year. Callers have the option of withholding their identity and being assigned a special code allowing them to anonymously check on the status of their concern. The Compliance Committee may also use this special code to seek further clarification or details surrounding the report, communicate issue resolution through the independent hotline staff and preserve the caller's anonymity. Confidentiality of a non-anonymous reporter will be preserved whenever possible.

CHA does not tolerate retaliation against individuals making good-faith use of the reporting system. CHA policies protect the privacy of the reporting employee whenever possible and will hold accountable any individual retaliating against a relator through sanctions up to and including termination.

43. Describe how the GPO follows up on reports of suspected violations of the code of business ethics and conduct to determine if a violation has occurred and if so, who was responsible. Describe corrective and other actions taken in such circumstances.

Reports of suspected violations are investigated promptly and thoroughly by the internal Compliance Committee to determine if a violation did, in fact, occur. Resources involved may include guidance from legal counsel, interviews with management and staff, and review of documentation and established precedent. Documentation and resolution is discussed with the complainant, if known, senior management and reported to the Audit Committee of the Board.

Ethical conduct consistent with the Code of Conduct is a clearly stated condition of an individual's employment at CHA. Failure to comply results in sanctions including termination.

44. Describe the processes the GPO follows up on, to monitor on a continuing basis, adherence to the written code of business ethics and conduct, and compliance with applicable federal laws.

Via the HGPII annual public accountability questionnaire, CHA conducts an annual review of our processes and tools to ensure they meet industry standards. The evaluation is conducted by Supply Chain Services staff and is provided to our internal Compliance Committee and CEO for review.

45. Are periodic reports on the GPO's ethics and compliance program made to the GPO's Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported? Are periodic reports on the company's

participation in HGPII made to the GPOs Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported.

CHA maintains a Compliance Dashboard for all CHA programs that will be shared at least once annually with the Audit Committee of the CHA Board of Trustees. The Compliance Dashboard includes reports on the GPO program and our participation in HGPII activities.

46. How many of your GPO employees attended the Best Practices Forum in 2016? Include the name of the most senior executive who attended.

One. Jennifer Gedney, Vice President, Supply Chain Services.

47. List the name, title and contact information of the senior manager assigned responsibility to oversee the business ethics and conduct program. Provide the name, title and contact information for the individual(s) responsible for responding to this report.

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