



## 2015 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

**This Questionnaire Covers Calendar Year 2015.**

**Please return your response to [hope.morris@arentfox.com](mailto:hope.morris@arentfox.com) no later than **June 1, 2016**.**

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### 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.

Innovatix, LLC (“Innovatix”) is a Delaware for-profit limited liability company that is owned by (i) Premier Supply Chain Improvement, Inc., a subsidiary of Premier Healthcare Alliance, L.P. (“Premier”) and (ii) GNYHA Holdings, LLC, a subsidiary of GNYHA Ventures, Inc. (“GNYHA Ventures”), which each own 50% of Innovatix. The voting interests of Innovatix are controlled equally by Premier and GNYHA Ventures, both of which are HGPII members and have submitted separate responses to this questionnaire.

Innovatix is not a public company. Premier Supply Chain Improvement, Inc. is a Delaware for-profit corporation and Premier, Inc., an affiliate of Premier, is a public company. GNYHA Ventures is a New York not-for-profit corporation and GNYHA Holdings, LLC is a New York for-profit limited liability company.

Innovatix’s corporate headquarters are located at:

555 West 57<sup>th</sup> Street, 12<sup>th</sup> Floor  
New York, NY 10019

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;
- Percentage of Board representing GPO customers;
- Percentage of Board that are employees of the GPO; and
- Percentage of Board members also serving as employees, officers, or directors of a participating vendor.

Currently, 3 individuals serve on the Board of Managers (the “Board”) of Innovatix – a senior executive of Premier, a senior executive of GNYHA Ventures, and a Chief Executive Officer of a Greater New York Hospital Association member not-for profit hospital. No employee of Innovatix serves on the Board of Innovatix. No members of the Board of Innovatix are employees, officers or directors of any Participating GPO vendor or customer.

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).

No equity holder of Innovatix and/or its parent or affiliated companies is a physician (or an immediate family member of a physician).

### **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.

Innovatix has a written code of business ethics and conduct entitled the “Code of Conduct and Conflict of Interest Policy of Innovatix, LLC” (the “Code”). The Code has been in effect since January 1, 2004. The Code is essentially divided into two sections, one of which governs the conduct of the company (Innovatix), and one of which governs the personal conduct of the employees. The Code applies to all management and executive level employees (i.e., all employees other than support staff) and all other employees who are in a position to influence Innovatix’s contracting decisions regardless of whether or not they are management or executive level (“Executive Employees”). Key provisions include that Innovatix may not own an Equity Interest in any Health Care Entity (defined in the Code broadly to include Participating GPO Vendors and other health care companies with which Innovatix may do business) or any entity that does or seeks to do business with Innovatix, without the approval of the Innovatix Board. Additionally, Innovatix is prohibited from receiving marketing fees from vendors. Similarly, Innovatix Executive Staff are prohibited from having a management or financial interest, including an Equity Interest, in any Health Care Entity or any entity that he or she knows do or seek to do business with Innovatix, including a consultant, vendor or contractor of Innovatix, even if not specifically a health care company. The Code also prohibits Executive Employees from receiving gifts of more than nominal value from parties that do or seek to do business with Innovatix.

Innovatix Executive Staff , members of the Board, and relevant advisors and consultants are asked to complete a Disclosure Statement on an annual basis that requires them to disclose any actual or potential conflicts of interest and answer certain questions related to the Code. These Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant individual to recuse himself/herself from a particular Board or Committee discussion or take other action as appropriate.

The Code can be found at [https://www.innovatix.com/code\\_conduct.aspx](https://www.innovatix.com/code_conduct.aspx).

The Code is applicable to all Innovatix Executive Employees (i.e., all employees other than support staff and all other Innovatix employees who are in a position to influence the contracting decisions of Innovatix). A general conflict of interest policy which is contained in the Employee Handbook applies to support staff of Innovatix. The conflict of interest provisions of the Employee Handbook for support staff were last updated in May, 2008, to clarify, update, and strengthen the provisions and make them more consistent with the provisions of the Code for Executive Employees. In addition to receiving the relevant Employee Handbook, all employees of Innovatix, regardless of their position, receive a copy of the Code and are trained on its provisions.

Supporting Documents: Article VI of the Code

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.)

Members of the Board must disclose financial or management interests (including any Equity Interests) they or members of their Immediate Family have in any Health Care Entity or any party that to their knowledge does or seeks to do business with Innovatix (including contractors and consultants of the GPO), and must recuse themselves from any negotiations or decisions relating to such party(ies).

Members of the Board are asked to complete a Disclosure Statement that requires them to disclose any gifts they have received from any vendor that does business or seeks to do business with the GPO. As noted above, these Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant individual to recuse himself/herself from a particular Board or Committee discussion or take other action as appropriate. We are not aware of any gifts of more than nominal value to members of the Board.

Supporting Documents: Article IV of the Code  
Innovatix Policy #1, Training and Education Policy  
Innovatix Policy #6, Gift Policy  
Cover Letter to Managing Board regarding Annual Disclosure Statement

Annual Disclosure Statement of Members of the Managing  
Board  
Contract Provision with Consultants

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]

Article II, Section 13 of the Code specifically addresses the issue of other lines of business and provides that Innovatix will not have other business relationships with Participating GPO Vendors unless those relationships are necessary to achieve core goals of Innovatix and are in the best interest of Innovatix's members. The Board would review any such relationships to ensure they are consistent with the Code. Additionally, pursuant to the Code, any such relationships must be disclosed to the members, fees and/or other payments received must be reasonably related to the value received, and participation or lack of participation in such relationships will have no bearing on Innovatix's group purchasing contracting decisions. Please refer to the questionnaire responses of GNYHA and Premier for information pertaining to Innovatix's parent companies and their affiliates.

**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.

Innovatix, through a subsidiary, operates a network for pharmacies that participate in the Medicare Part D program, commercial pharmacy benefit plans, and other third party payment arrangements. It also offers an ACO program for interested alternate site providers. In 2015, Innovatix launched a new pharmacy claim support program called Scriptmax, which is offered to members on a fee-for-service basis. Scriptmax allows pharmacies to perform pre-edit claim validation, receive post-edit feedback on submitted claims, and automates third-party payment reconciliation and contract rate compliance. Additionally, Innovatix offers a number of educational programs to its members. GNYHA Ventures and Premier also offer group purchasing services for acute care and some alternate care classes of trade that are not serviced through the Innovatix program and for non-health care entities. Additionally, they and/or their affiliates offer a number of other supply chain improvement, performance improvement and other services, as described in more detail in their respective responses to this 2015 HGPII questionnaire.

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<sup>1</sup> 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)).

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?

See Article II, Section 13 of the Code, which states that Innovatix's group purchasing businesses will not have other business relationships with participating vendors unless those relationships are necessary to achieve core goals of Innovatix and are in the best interest of Innovatix's members. It requires (i) disclosure of all such relationships to all participants in the Innovatix program; (ii) that all fees received from such relationships be reasonably related to the value received; and (iii) that such relationships have no bearing on Innovatix's contracting decisions.

### **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?

Innovatix may not accept grants, fees, or other funds from any party with which Innovatix has a business, potential business, advocacy, or potential advocacy relationship, for the sponsorship of Innovatix educational programs or other Innovatix programs or projects, unless the receipt of such funds is approved by the Board based on their determination that the acceptance of such funds is consistent with the principles set forth in the Code and other relevant factors and is being undertaken in the best interest of Innovatix members. In making its assessment, the Board will take into consideration the source of the funds; the intent of the potential grantor; identification of, and ability to address, potential conflicts of interest; and all other relevant circumstances. It is presumed that such grants will be accepted on rare occasions only. Innovatix does not currently accept any such funds.

Supporting Documents: Article II, Section 14 of the Code  
Policy #8, Soliciting and Receiving of Grants and Other Funds  
from Companies with Which Innovatix Does Business

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?

The Code allows Innovatix to rent exhibit booths at trade shows and conferences to vendors pursuant to certain guidelines. A vendor's decision to rent booths at such trade shows is entirely voluntary and a vendor's participation (or non-participation) has no bearing upon Innovatix's contracting decisions. Exhibit space must be available to all vendors on the same terms and on a first come, first served basis. Currently Innovatix receives exhibit booth fees only in connection with its annual national conference.

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.).

Neither Innovatix nor GNYHA Ventures currently sell other services to Participating GPO Vendors. Please see Premier's response to this question for any services it may offer.

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, Innovatix makes annual disclosures to its members of administrative fees received from vendors with respect to members' purchases by sending reports to members indicating the amount of administrative fees it received from Participating GPO Vendors for the relevant year as a result of the particular member's purchases.

Supporting Documents: Article II, Sections 3, 4, and 5 of the Code  
Sample Safe Harbor Report  
Sample Cover Letter to Safe Harbor Reports  
Innovatix Policy #4, Article I, paragraph 6  
regarding internal review that safe harbor  
reports were properly disseminated to members

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.

The existence of non-administrative fee revenue, if any, that Innovatix receives from vendors would be disclosed to the participating members in the annual safe harbor report.

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

If Innovatix received an administrative fee that did not appear to pertain to an eligible member, it would review the situation to determine to which member, if any, the fee corresponds. If the determination regarding the fee has not been made by the end of the fiscal year, Innovatix would include the fee amount in its calculation of "unallocated funds" and report the total amount of such funds in its annual safe harbor reports to members. Unallocated funds (i.e., funds for which the specific member to which the funds are attributable has not been identified as of the relevant date) account for a very small percentage of total administrative fees received on an annual basis. Other than for de minimis amounts, if it is determined that a particular fee does not pertain to an eligible member, such fee would be returned to the appropriate vendor.

## 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, Innovatix does not pay fees to members upon the signing or re-signing of a participation agreement with Innovatix or the joining or renewal of membership in the GPO program.

Supporting Documents: Sample cover letter to members regarding cost report treatment of rebates

## 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.

Yes. Innovatix has a publicly available description of its bid and award process. As described on Innovatix's Web site, the process may consist of a formal request for bids or a competitive negotiation. Innovatix has determined from its experience that its members benefit most from its having an open, dynamic contracting process. As described on Innovatix's Web site, Innovatix generally utilizes this open contracting process, which does not exclude vendors and is open to new vendors at any time. This process promotes competition among vendors and allows Innovatix to remain flexible so that it may contract at any time to meet its members' needs in an ever-changing marketplace. Innovatix believes that its open contracting process accomplishes the goals of the key principles embodied in governmental bid processes and results in a flexible portfolio that allows Innovatix to best serve its members. The process can be found at

<https://www.innovatix.com/ContractProcess.aspx>.

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.

With respect to its pharmaceutical portfolio, Innovatix is on a three (3) year contract cycle. Prior to the start of each 3-year cycle, Innovatix posts on its Web site the procedures required for vendors to be considered for a GPO contract. Innovatix also e-mails or otherwise disseminates such information to vendors listed in a database maintained by Innovatix, which database is continually updated. Innovatix's notice to vendors states its intent to receive proposals for products to be offered through a group purchasing contract and provides detailed information

regarding the relevant procedure, as well as when and where interested vendors should submit proposals. Additionally, as indicated on the Web site, vendors may submit proposals for new contracts at any time.

Innovatix offers its members Premier's medical supply and food portfolios that are negotiated by Premier pursuant to their processes. Please see Premier's response to this questionnaire for additional information. In addition, Innovatix also utilizes an open contracting process to enter into its own direct contracts including for those medical supplies or services that are not offered by the Premier portfolio or that are offered, but for which Innovatix members have specifically requested that Innovatix enter into additional contracts with specific vendors. Innovatix publicly posts notices on its Web site announcing Innovatix's intent to receive proposals for the relevant products to be offered and provides detailed information regarding when and where interested vendors should submit proposals. In the event that a vendor contacts Innovatix regarding a new group purchasing contract in a category of products that is already covered by existing Premier agreements, and if Innovatix members have not specifically requested that Innovatix provide additional contracting sources, then such vendors may be referred to Premier for contracting pursuant to Premier's contracting process.

Innovatix awards contracts to the qualified vendors determined to have proposed the best pricing or other value. These criteria are available on Innovatix's Web site at <http://www.innovatix.com/VendorQualifications.aspx>. Vendors that do not receive contract awards may contact Innovatix for further information about their proposals, however, specific decision criteria are not formally made available to vendors whose products are not accepted for purchase.

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy  
Innovatix Web site page(s) cited above

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.

Innovatix has policies and practices to attempt to offer all products and services on a dual or multi-source basis, i.e., for all products, at least two vendors' products are offered through the program. If Innovatix determines that its members would benefit from a dual or sole source award, it will use sole or dual source procurement. For example, if a sole source award will result in better pricing or other terms for members, Innovatix would consider offering the contract on a sole source basis. Notwithstanding the foregoing, to the extent relevant to the Innovatix program, all Physician Preference Products are offered on a multi-source basis, without exception. Innovatix utilizes an open contracting process as described in its response to question 16 above. Innovatix may award a contract to single vendor that does not contain an exclusivity provision in many situations, including when only one supplier of a particular product is identified or when only one supplier responds to an RFP.

Supporting Documents: Article II, Section 10 of the Code  
Article II, Section 11 of the Code  
Innovatix Policy #5, Contract Award and Vendor Information Policy



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?

Article II, Section 8 of the Code prohibits bundling except to the extent Innovatix determines that its members' interest in obtaining high-quality products and services at the lowest possible prices will be served by the use of such practices. Innovatix does not permit bundling of unrelated products or services from the same vendor in a manner that would result in higher prices for Participants. Innovatix would allow a vendor to give additional rebates or discounts for purchases of unrelated products for that vendor if Innovatix determined that such practices conform with relevant law and that they would yield lower pricing for the members. Innovatix does not permit bundling of unrelated products or services from different vendors.

Supporting Documents: Article II, Section 8 of the Code

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.

See the answer to Question 17 above. As stated above, Innovatix offers Premier's portfolio of medical products. In addition, Article II, Section 12 of the Code limits the length of contracts to three years, absent circumstances in which Participants would materially benefit from the existence of a longer-term contract. Innovatix is currently a party to a few group purchasing contracts that have a term of more than 3 years. The reasons for the longer contract terms include that in several cases, Innovatix sought a longer term in order to secure each of the contract's highly favorable pricing, supply commitments, and other terms for its members for as long as possible.

Supporting Documents: Article II, Section 12 of the Code

## **ADMINISTRATIVE FEES**

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.

Under Article II, Section 1 of the Code, all administrative fees must be 3% or less of members' purchases.

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?

Innovatix does not accept any administrative fees of more than 3% from any Participating GPO Vendor.

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.

As discussed above, Innovatix does not receive administrative fees of more than 3% of members' purchases. Innovatix does not accept marketing fees, equity from participating GPO Vendors, signing bonuses, or up-front fees. The Code does allow Innovatix to accept exhibit booth fees from Participating GPO Vendors, but virtually all other funding from Participating Vendors is either significantly limited or prohibited.

### **PRIVATE LABEL PROGRAMS**

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

Innovatix does not have a private label program, which we understand to be defined as a program in which a vendor contracts with a GPO to put the GPO's label on its product and pays the GPO fees, including licensing fees and fees other than an administrative fee of 3% or less, in connection with such program. We note that a number of GPOs, including Premier through its Premier Pro Rx program, have recently developed private allotment programs, which allow for a guaranteed supply of drugs that may otherwise be in short supply and therefore be difficult to obtain. While these types of programs may be considered "private" in some sense, they are generally not modeled in a way that would raise the concerns that arose in the past regarding private label programs.

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

Innovatix does not have a private label program (See answer to question 24 above).

### **VENDOR GRIEVANCE PROCESS**

26. Describe the GPO's policy and process with respect to responding to a vendor's grievance regarding the bid/award process.

The vendor submits a written description of the grievance. It is sent to the President of Innovatix and forwarded to the Compliance Officer. The Compliance Officer reviews all facts and circumstances in conjunction with a senior officer responsible for the relevant contract/contracting process and conducts an investigation that could include consultation with outside advisors as necessary. If the Compliance Officer determines that there is a material breach of one of Innovatix's policies, he/she will review the matter with the Innovatix Board. After the Compliance Officer reaches a conclusion he/she discusses the relevant information with the senior officer of Innovatix, makes a record of it, and contacts the vendor for resolution within 30 days.

Supporting Documents: Policy #5, Section IV, Vendor Complaint Procedure

Policy #5, Section V, Response to Vendor Complaints

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.

No supplier has requested evaluation pursuant to HGPII's Independent Evaluation Process since Innovatix's last Public Accountability Questionnaire.

28. Does the GPO participate in HGPII's Independent Evaluation Process?

Yes, Innovatix does 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.

Yes, the HGPII independent vendor grievance review process has been displayed on Innovatix's public Web site at <http://www.innovatix.com/GrievanceProcedure.aspx>.

## **INNOVATION**

30. Describe the GPO's policy and process to evaluate and provide opportunities to contract for innovative products and services.

In connection with its relationship with Premier (one of Innovatix's owners) Innovatix is able to access certain Premier resources, including its technology evaluation processes. Premier has extensive processes to evaluate and review innovative clinical products. Additionally, vendors that believe they have innovative clinical products and services are encouraged to contact the designated Innovatix staff member. The Innovatix Web site page regarding new supplier information states the procedure for submission and review of the information, and Innovatix's contracting process allows for contracting with such vendors at any time.

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.

Yes. Innovatix has the right to enter into a new contract at any time. Innovatix contracts typically have technology clauses in them that allow Innovatix to award a contract to one or more additional vendors for an innovative product in mid-contract cycle. Additionally, most contracts are not exclusive so that a new vendor can be added any time for any reason that would benefit the members.

Innovatix's standard contract contains relevant language regarding Innovatix's ability to offer an innovative technology product at any time, and Innovatix would attempt to put appropriate clauses in all contracts that do not use the standard contract.

32. Are GPO members allowed to evaluate products and/or communicate with vendors, regardless of whether a vendor has a contract with the GPO?

Yes. Innovatix members are allowed to evaluate products from all vendors and communicate with all vendors, regardless of whether such vendor has a contract with Innovatix, subject to certain confidentiality provisions regarding Innovatix's portfolio pricing. Additionally, there are no restrictions on members' ability to purchase directly from vendors.

33. Are GPO members allowed to purchase non-contracted products or services directly from non-participating vendors?

Yes. Innovatix members are allowed to purchase non-contracted products or services directly from vendors. Innovatix does not restrict direct purchases of items between the members and the suppliers.

### **VENDOR DIVERSITY PROGRAMS**

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.

In connection with its relationship with Premier, Innovatix is able to access certain resources of Premier, including its vendor diversity program. Premier has an extensive program to encourage contracting with small, women-owned, veteran-owned and/or minority businesses, which Innovatix accesses. According to Innovatix's Contract Award and Vendor Information Policy, members of the Innovatix senior staff are to evaluate that policy annually as it relates to Innovatix and are responsible for developing supplements to the program for Innovatix, as necessary.

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy, Section I.2.

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).

Please see Premier's response to this question regarding the results of the program.

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?

Innovatix does not have its own Supplier Diversity Committee or other program or group for developing diversity goals and expanding opportunities, but instead relies on the substantial

efforts of Premier in this regard. As the majority of the non-pharmaceutical agreements utilized by Innovatix Members are contracted through Premier, please see Premier's response to this question.

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?

Please see Premier's response to this question.

38. Describe any other actions concerning Supplier Diversity you think are important that are not covered by the preceding questions.

Please see Premier's response to this question.

## **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.

The Code can be found online at [https://www.innovatix.com/code\\_conduct.aspx](https://www.innovatix.com/code_conduct.aspx). Article III, Section 5. of the Code was amended in 2015 to remove the prohibition on executive employees owning interests in single sector publicly available health care mutual funds.

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.

Innovatix distributes copies of its Code to its Executive Employees annually and upon employment. Additionally, as discussed above, it also distributes an Annual Disclosure Statement to Executive Employees. Premier, one of the two owners of Innovatix, has clinical advisory committees made up of member representatives that provide extensive input into the contracting process, upon which Innovatix often relies. Pursuant to its policies, Innovatix would distribute its Code to all members of any clinical advisory committees it convenes that influence the decision making of Innovatix with respect to the selection of products or contracts on an annual basis. Innovatix distributes its Code to all members of its Board on an annual basis and on an as needed basis to all relevant agents and contractors that participate in the GPO activity. Innovatix also distributes its Code to Participating GPO Vendors as part of the contracting process. The Innovatix contract template typically contains a provision in which vendors acknowledge the provisions of the Code and are requested to comply with relevant provisions.

Supporting Documents:       Cover letter to employees for distribution of Code  
Contract provision with Consultants  
Contract provision with Vendors

Innovatix conducts employee refresher training sessions for all Executive Employees at least annually, and more frequently for members of the senior staff. Training sessions typically consist of a large group of all relevant employees and are conducted by the Compliance Officer. The Compliance Officer also conducts periodic training sessions on particular topics throughout the year. In general, the training provides an overview of relevant laws, a discussion of conflicts of interest and the various issues that may be raised by conflicts or potential conflicts, and a detailed description of various key provisions of the Code. The Compliance Officer gives an oral presentation to the relevant employee group or groups. In general, Innovatix conducts one overall session annually to the full employee group and smaller sub-group sessions through the year.

Supporting Documents:       Policy #1, Training and Education Policy  
Slide Presentation from 2015 Training Session

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.

Innovatix has a Compliance Officer. Pursuant to Innovatix’s policy for Communications with Employees and Reporting Potential Non-Compliance with the Code, any complaints may be reported to the Compliance Officer or the staff member’s immediate supervisor, and are reviewed in accordance with Innovatix’s policy on Response to Questions, Complaint Follow-up, and Corrective Action Procedures. Innovatix also accepts anonymous complaints and maintains a “Compliance Hotline” telephone line that can receive anonymous questions and complaints. All compliance issues are overseen by the Innovatix Board.

Supporting Documents:       Policy #2, Communications with Employees and Reporting  
Potential Non-Compliance with the Code  
Policy #4, Oversight and Monitoring Compliance, Section II

## **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?

Innovatix’s Policy for Communications with Employees and Reporting Potential Non-Compliance with the Code requires Innovatix to protect confidentiality, where appropriate. Innovatix has numerous human resource, compliance and other policies in place to protect employees who in good faith raise compliance issues. The Compliance Officer and human resources director are charged with the responsibility of making sure those policies are followed.

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.

Innovatix's policy on Response to Questions, Complaint Follow-up, and Corrective Action Procedures sets forth the process by which the Compliance Officer would investigate an inquiry and take the relevant action. Records of such actions are maintained by the company. Additionally, reports of violations or suspected violations are made to the Innovatix Board. The Compliance Officer is also required to give periodic updates on the Compliance Program to the Board and to provide a comprehensive report to the Board on at least an annual basis.

Supporting Documents: Policy #3, Response to Questions, Complaint Follow-up, and Corrective Action Procedures

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.

Pursuant to Innovatix's policy on Oversight and Monitoring Compliance, senior management of Innovatix meets several times a year to review and evaluate compliance issues that may arise and oversees and assesses Innovatix's adherence to the law and to the Code.

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.

Yes. The Compliance Officer is required to meet regularly with the Board. The Compliance Officer makes a formal report to the Board of Directors at least annually. In general, such reports describe the elements of the Innovatix Compliance Program, and summarize key provisions in the Code and related policies and how they have been implemented within the relevant timeframe.

Additionally, the Compliance Officer reviews all material issues of interpretation of the Code with the Board. If a review of the Innovatix Audit and Compliance Committee is required, Innovatix has the matter reviewed by its entire Board, given the Board's small size. The Compliance Officer reports to the Board on Innovatix's participation in HGPII as well. Among other things, the Compliance Officer provides the Board with an overview of the company's responses to this questionnaire, along with a copy of this response to this questionnaire, and in general discusses the company's policies in light of various best practices that have been suggested by HGPII.

46. How many of your GPO employees attended the Best Practices Forum in 2015? Include the name of the most senior executive who attended.

Two GPO employees and numerous senior executives of Innovatix's owners, GNYHA Ventures and Premier, attended the Best Practices Forum in 2015. The most senior executive who attended was John Sganga, Innovatix's President and Chief Executive Officer.

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.

Lori R. Levinson, Senior Vice President and General Counsel, is the Compliance Officer and is responsible for overseeing the business ethics and conduct program of Innovatix.

Ms. Levinson's contact information is as follows:

Lori R. Levinson, Senior Vice President and General Counsel  
Innovatix, LLC  
555 West 57<sup>th</sup> Street, 15<sup>th</sup> Floor  
New York, New York 10019  
(phone) 212-506-5419  
(fax) 212-262-6350  
(email) levinson@gnyha.org