



Healthcare Group Purchasing Industry Initiative

Fourteenth Annual Report to the Public

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HGPII Coordinators

The Honorable Philip English
The Honorable Byron Dorgan

Arent Fox LLP

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I. Executive Summary

This following report, the 14th of its kind issued by the Healthcare Group Purchasing Industry Initiative (HGPII), represents an independent assessment of the long standing best practices compiled by the HGPII team, currently housed at Arent Fox LLP. This annual survey is the most comprehensive review of business standards and ethics compliance within the healthcare supply chain. It is the result of an ongoing engagement of each organization that is a signatory to the HGPII Charter, as part of a process defined below that entails questionnaires, direct examination and review, and leadership training.

This year's report reaffirms universal compliance with HGPII commitments, and includes the following findings:

1. Every HGPII signatory has met every benchmark of the HGPII Charter, and continues to actively maintain sustainable and improved compliance programs, adapted to changes in the medical marketplace. Each has embraced a culture of ethical excellence that permeates their business activities at all levels.
2. HGPII has completed a special in-depth review of contracting by leading member group purchasing organizations, and is certifying that their contracting standards are non-exclusionary and consistent with best practices. Specifically, we find that the use of single source contracting is rare, selective, based on provider collaboration, and consistent with supply chain redundancy.
3. As part of the in-depth review, the report finds that leading GPO firms are retaining, even deepening creative but similar policies aimed at detecting and promoting innovative products and services that represent advancements in healthcare technology.
4. All member organizations are implementing internal controls to actively identify and avoid conflicts of interest in contracting. This year HGPII issued a White Paper on Conflicts of Interest to support these efforts and advance the industry standard.

5. The report concludes that the supply chain has continued to evolve best practices, and that HGPII signatories are balancing competing demands for cost savings, quality and choice, while embracing flexibility to meet these objectives.
6. All participating organizations are providing transparency for their members and the public regarding their use of administrative fees as a financing mechanism.
7. All participating organizations are rigorously implementing their compliance and disclosure programs, including appropriate employee training, monitoring and performance measurement.
8. All organizations have active and available grievance and dispute resolution processes, and provide suppliers with access to the HGPII dispute arbitration process.
9. Leading GPO platforms are displaying enhanced commitments to offering sustainable contracting options to their members, and these developments are shaping market improvements as sustainability standards are becoming a source of competitive advantage within the healthcare supply chain.
10. All participating GPO firms are supporting member commitments to seek out, identify and support suppliers representing diverse ownership, and we see evidence that the GPO Industry is playing an active role in diversifying the supply chain.
11. Continuing consolidation in the GPO industry has not significantly reduced competition within group purchasing, and the industry continues to contribute to a dynamic supply chain for healthcare providers.
12. We certify that every member has met their stated commitments; that participation remains high in the required HGPII Annual Best Practices Forum; and that the HGPII team continues to actively reinforce member obligations. We have in place a full program to implement the HGPII process in the coming year.
13. This year HGPII added one new member, and has explored opportunities to attract additional participation in both the acute and long-term care marketplace.

HGPPII continues to monitor relevant developments in the healthcare system in anticipation of how they may affect the role and practice of group purchasing, and related standards and best practices beneficial to the cost, safety and quality of services. We are seeking new ways of promoting transparency, best practices and competition within the healthcare supply chain, and encourage member disclosure and self-regulation to meet national objectives.

II. Findings on Best Practices: Single Source Contracting, Treatment of New Technology Products

This year the HGPPII team, reflecting changes in the healthcare system and its supply chain, sought to supplement its survey with a detailed review of two issues that have been central to the Initiative's standards from the beginning: the use of single source contracting, and practices that affect the availability of new healthcare products that represent clinical improvements or technological advances. Our judgement was that these issues are salient to healthcare providers, consumers and policymakers. To accomplish this, we interviewed the largest HGPPII members representing national contracts most significant in their impact on healthcare markets.

Consistent with our prior reporting, we conclude that existing practices in the surveyed organizations are consistent with HGPPII standards, and that each signatory is implementing policies that provide group purchasing opportunities on a voluntary, multi-source model directed by member needs. Our specific findings are as follows.

Single Source Contracting:

HGPPII signatories are complying with rigorous competitive bidding processes aligned with contracting standards that are non-exclusionary. In the process, they are approving a limited number of single or sole source contracts that are consistent with those standards. The vast majority of these represent products that are proprietary or lack more than one qualified supplier, including branded pharmaceuticals, or innovative technologies. Some represent diversity suppliers. These contracts generally permit the introduction of new suppliers based on innovation or diversity through ongoing review.

We have determined that these signatory organizations will on rare occasions permit single source contracts based on member needs and special circumstances, as part of a clearly defined process. Each of our signatories outlined this process with variations, but common principles. These contracts would be for a product that could yield materially higher savings, or differentiated in clinical efficacy, or breadth of product offering. With oversight of GPO members and experts, these awards are approved only with a finding that they represent substantial member value, and do not compromise patient care or safety, or healthcare worker safety. Overall our survey found that single source contracts represent 4-10% of the contracts in GPO portfolios.

We also determined that single source contracting is being used selectively as part of evidence based, data driven programs to maximize savings. Some of these utilize voluntary pre-commitments and purchasing volume to leverage lower prices, especially for members able to utilize their size, service mix, and institutional integration to participate. These programs are creating new opportunities for cost savings in the healthcare supply chain, based on their voluntary and member driven basis. We believe that these programs yield benefits while permitting an appropriate degree of supply chain redundancy.

Innovation:

Every one of our major HGPII signatories has implemented processes and significant programs to accommodate the entry of new healthcare products and technologies into the supply chain. In recent years our team has witnessed an enhanced commitment by the GPO industry to evaluate and place on [SIOI](#) contract healthcare innovation. The results of this activity, also heavily member driven, have supported anecdotal evidence that key GPO networks are providing needed market access to many healthcare startups. Each of them are drawing on member expertise and clinical support to evaluate new technologies, with the potential for expedited access to contracts. These reviews involve standing committees that assess emerging technologies on the basis of their contribution to the supply chain: incremental benefits to patient care, patient safety and healthcare worker safety. They are designed to bring innovations to their members promptly, based on their value to healthcare and the capacity of the supplier.

Individual GPO networks have developed individual branded ongoing programs that evaluate, mentor and mainstream innovation suppliers. We have identified a number of notable successes:

- Vizient hosts an annual Innovative Technology Exchange, at which approximately 100 products are showcased every year. The GPO convenes members and suppliers, mentoring and coaching new suppliers on bringing their products to national markets.
- HealthTrust has a bi-annual Innovation Summit that features approximately 50 products every year. Their online Innovation Center provides 24/7 access for suppliers to submit any new product or technology for consideration. This site reviews several hundred categories a year.
- Intalere sponsors an Emerging Technologies Program which features a simplified group purchasing agreement for ET suppliers. Its annual Emerging Technology Show highlights 25-50 suppliers available to their network.
- Premier has instituted a Technology Breakthroughs program, an ongoing engagement open to suppliers throughout the year, with a review process allowing new contracts outside of the standard bidding cycle. The program has brought on contract dozens of innovations having reviewed 684 new technologies to date, with 71 reviewed in 2019. Their Breakthroughs Conference convenes annually to link vendors to their membership.

HGPPI continues to feature a supplier panel at its annual Best Practices Forum to promote a dialogue between healthcare entrepreneurs and GPO industry leaders on how to achieve mutual objectives, with much of the focus on technologies. Our team can attest to the energy, professionalism and sophistication of GPO efforts to embrace new technologies and expose their members to supply chain enhancements that represent contributions to healthcare technology.

III. GPOs Role in Promoting the Transparency and Accountability in the Healthcare Industry

Group Purchasing Organizations (GPOs) are uncompromising in their pursuit of cost savings and quality on behalf of our health systems. The founding members of HGPII established the Initiative in 2005 to promote their shared commitment to voluntarily inject transparency and accountability into the healthcare group purchasing industry. HGPII is proud of its role in leading the industry in establishing the best practices to achieve the highest ethical standards and business practices, and to the evolving standards in our sector that restrain healthcare expenditures, while offering healthcare providers robust contracts that provide state-of-the-art choices that meet the individual needs of patients. We provide a vehicle by which the GPO industry can challenge itself to adapt and embrace changes in the building blocks of healthcare that will redefine patient care in coming decades.

As health systems struggle to manage a massive scale of change, GPOs have adapted with them. Our signatories have leveraged savings in the marketplace that have made hospital and nursing home budgets more stable and predictable. HGPII members have applied their organizational expertise and scope to evaluate new healthcare products and technologies, helping to facilitate the integration of medical innovation across the country. These contributions are critical today due to the intense pressure the U.S. healthcare system is under to deliver quality services in the face of a rising demand to lower healthcare costs. Healthcare is facing intense pressure to change from every direction. Economics, social pressures and politics are contributing to a fundamental reassessment of our delivery system, its structure and results.

To achieve our mission, which is rooted in allocating scarce medical resources to their highest and best use, the GPO community has come together and demonstrated its dedication to best practices in business operations. GPOs have actively taken the lead in policing our practices, and cultivating a culture in which ethics and economy are part of our nature, a culture common to all competing group purchasing services.

With GPOs' long history of balancing cost and the highest quality by offering members key goods and services under flexible contracts, the industry will continue to provide tremendous value to the purchasing choices of medical service providers in communities across the nation.

IV. HGPII Initiative and its Mission

In 2005, nine of the nation's leading GPOs that served the majority of America's hospitals founded HGPII to promote and monitor the best ethical and business practices in purchasing for hospitals and other healthcare providers. HGPII was established to assure the ongoing adherence to ethical conduct and business practices, and to hold the confidence of the public and the government in the integrity of the industry. As part of that effort, HGPII releases a report annually to the public that measures its member company's adherence to the highest ethical standards and business conduct.

The ethical standards and business practices that form the basis of the Annual Public Accountability Report tracks how participating companies implement HGPII's established six core principles of ethics and business conduct. Each participating company is required to submit an Annual Public Accountability Questionnaire which addresses important areas of business practice and provides detailed written information on the company's policies and actions. These responses to the Annual Public Accountability Questionnaire are posted on the [HGPII website](#) and summarized in the Annual Public Accountability Report. The disclosure of policies and practices that GPOs believe assure adherence to HGPII's six core principles allow policymakers and the public to assess the adequacy of these efforts. Following the release of each Annual Public Accountability Report, HGPII members participate in an Annual Best Practices Forum in the spring to share information on insightful business practices and to engage with policymakers and other leaders in the healthcare industry.

HGPII is based in Arent Fox LLP in Washington, DC. It is led by former Representative Phil English (R-PA), who serves as the National Coordinator, and former Senator Byron Dorgan (D-ND), who serves as the Co-Coordinator.

Methodology

The Fourteenth Annual Public Accountability Report is informed by the detailed responses HGPII receives in the Annual Public Accountability Questionnaire that was developed for its members. The report represents a systematic survey of business practices and ethical standards within group purchasing organizations and is used to assess operational policies and compliance efforts within the healthcare supply chain. It has been continuously expanded and refined since the inception of HGPII.

In order to maximize the accuracy of this survey and its utility for policy makers, the HGPII team adopted the following process to accomplish this project:

1. Each HGPII member receives a detailed questionnaire that consists of dozens of questions requiring a comprehensive outline of the provider's standards, business practices, employee activities, and enforcement of HGPII principles.
2. After all questionnaires are received, the HGPII Coordinators and policy team review the responses and match responses with referenced policies.
3. The questionnaire responses are posted on the HGPII "members only" section of our website for review by each responder and to allow peer review by other members of the Initiative.
4. Each HGPII member participates in a follow-up interview with its management team and the HGPII Coordinators that is conducted by telephone to review and provide verification of elements of the questionnaires. In addition, to provide a deeper sampling, two member organizations are selected at random for site visits by the HGPII Coordinators with key personnel and management at their corporate headquarters. These visits provide an opportunity to interact with company employees, review documents, and to make personal observations about the company's commitment to adhering to the HGPII initiative.
5. Participating organizations may submit additional material to clarify and expand upon their questionnaire responses that may result from inquiries made during follow-up interviews.

6. To maximize transparency and public accountability, all responses to the questionnaires and a profile of each member are posted, as provided, for public viewing on HGPII's website at: www.hgpai.com.

7. As part of a mandatory Best Practices Forum, the HGPII Questionnaires are reviewed annually. All HGPII members discuss key elements of the questionnaire, implications and improvements for the healthcare industry at large.

8. Each member of HGPII is given an opportunity to review a draft copy of the Annual Report to the Public in advance of its release to share any additional clarification or provide comments. HGPII members are not permitted to make changes to the report; that role is strictly reserved for the independent HGPII Coordinators.

To ensure adherence to the highest ethical and business practices in the industry, HGPII members committed to the following six core principles:

Each member shall have and adhere to a written Code of Conduct	Each member shall train everyone within the organization on their personal responsibilities under the Code	Each member commits itself to work toward the twin goals of high quality healthcare and cost effectiveness
Each member commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences	Each member shall have the responsibility to one another to share thier best practices in the implementation of principles and participate in an Annual Best Practices Forum	Each member, through participation in HGPII, shall be accountable to the public

Participating companies are expected to change their policies and practices as needed in order to answer each of the questions in the Annual Public Accountability Questionnaire in the affirmative and to provide adequate supporting documentation to permit the HGPII Coordinators to determine that each answer to the questionnaire is fairly given. It is expected that participation

in HGPII will be a key criterion for hospitals and other providers when they select membership in a GPO. The Steering Committee – comprised of the senior-most executive responsible for supply chain operations of the eleven member GPOs – may suspend the participation of any GPO which fails to fulfill its obligations under the Initiative.

Group Purchasing Organizations that Comprise HGPII:

- Vizient
- Premier
- Innovatix LLC
- HealthTrust
- Acurity Inc.
- Intalere
- Children's Hospital Association
- HPS
- Yankee Alliance
- TPC
- Capstone Health Alliance

V. Overview of GPOs Adherence to Ethical Standards and Best Practices

Our evaluation of the responses of the HGPII Annual Public Accountability Survey, follow-up interviews, site visits, and regular consultation with HGPII members, found that the eleven GPOs who comprise HPGII continue to exceed expectations in meeting the highest ethical standards and business practices that promote growth, transparency, innovation, and the best financial value for its members. Through our comprehensive evaluation, we concluded HGPII members are able to meet these goals because they have a culture in place that reaffirms the variety of policies that support the integrity of their respective business models, including:

Activities that Support the Adoption of the Highest Ethical Standards

- Business Structure and Conflicts of Interests: HGPII members continue to understand the importance of having a clear line of delineation in their ownership structures, including any parent or affiliated companies, and committing to reduce potential

opportunities for a conflict of interest. Many HGPII members have a Board of Directors or another governing body that include an individual who represents the interests of GPO customers and employees. Rarely does a Board member also serve as employee, officer, or director of a participating vendor.

HGPII members continue to institute straightforward policies that reduce potential conflicts of interests with their employees, including developing robust written policies on conflicts of interest that clearly outline the practices that employees must adhere to and requiring employees to regularly review such policies. Employees in positions of influence are generally prohibited from owning equity in a participating vendor company. In those instances where the employee does have an equity stake with a participating vendor, they are required to disclose that relationship to the GPO, while many GPO's require the employee dispose of the equity conflict. To eliminate other potential sources that may create conflicts, disclosure requirements are extended to generally apply to an employee's immediate family members. A number of participating GPOs allow employees to receive nominal gifts from vendors but require employees to report any gifts received from participating vendors and strictly limit the value of the gift that can be received.

- Vendor Grievance Process: In their mission to provide an opportunity for vendors to have a means to resolve legitimate disputes within the contract review process, HGPII members continue to have in place a formal process for responding to vendor grievances from the bid and award process. Participating GPOs use the HGPII Independent Evaluation Process to address vendor grievances.

No HGPII member referred a grievance to HGPII for review and assistance in 2018. Many GPOs place a great deal of emphasis on developing a collegial relationship with vendors that helps to facilitate a fairly open line of communication on the front end. HGPII members also noted that, despite their collegial relationship with vendors, they believe any vendor that felt aggrieved in the process would avail themselves to use the grievance process to resolve a conflict if it arose.

- Code of Conduct: GPOs work diligently to adhere to the highest ethical standards of conduct. HGPII members post a copy of their written Code of Conduct that outlines business ethics and conduct on their public websites and also have protocols in place to ensure that its employees understand their responsibilities to the Code. Employees are required to take refresher courses on the material covered in the Code on an annual basis. Two HGPII members require their employees to participate in refresher courses more than twice a year. Additionally, GPOs have a formal mechanism in place for employees to report possible violations of the Code of Conduct. Any employee who witnesses or suspects a violation is strongly encouraged to immediately speak with their supervisor or a senior official at the company.
- Reporting Potential Ethical Violations: HGPII members understand the importance of fostering an organizational culture that prioritizes ethical business practices in everyday actions. To protect the identity and ensure the confidentiality of employees who report possible violations to the Code of Conduct, many GPOs provide their employees with a means of anonymously reporting the violation through a telephone hotline, a web-based reporting system, or by sending a secure email that gives the employee the option to maintain their anonymity. Violations are generally investigated by the Ethics & Compliance Officer and all HGPII members have safeguards in place to protect against retaliation. Many reported fostering an ethical culture where all employees understand their responsibility to adhere to the Code of Conduct. To ensure ongoing compliance, many conduct periodic training and education sessions with their senior managers.

Activities that Support the Adoption of Best Business Practices

- Administrative Fees: The majority of all GPOs participating in HGPII accept administrative fees up to, but not exceeding, 3%. Our review of GPO members found that only a few HGPII members exceeded that threshold. In the limited instances where administrative fees exceed 3%, it is often associated with supplemental administrative services and similar activities. For those GPOs that accept

administrative fees beyond 3%, the fees are negotiated on an individual contract basis and are disclosed according to the federal Safe Harbor regulations.

- Payment from Vendors: GPOs typically accept sponsorship funds from vendors for educational programs and fees to participate in conferences and the use of exhibit space at their annual membership meetings. Should a member of a GPO have any questions regarding these payments, some companies provide additional information regarding vendor sponsorship, grant and exhibit fees upon request.
- Contract Bid and Award Process: As part of their commitment to provide transparency in their bid and award process for prospective vendors, any supplier that is interested in competing for a contract with a GPO can find a description of the bid and award process on the respective company's website. While some GPOs may use the Request for Proposals process to review bids for some or all of its contracts, others make their contract schedule available to prospective vendors on their company's website. Vendors who are unsuccessful in their bid are generally able to review the decision criteria used in the evaluation process upon request.
- Use of Single, Sole, Dual and Multi-Source Contracts and Bundling of Unrelated Products and Services: HGPII members are very focused on providing the most cost-effective quality products and services to its members. GPOs' decisions on the types of contracts used are driven primarily by its members and is firmly premised on the goal of achieving the best overall value and quality for healthcare providers. Dual- and multi-sourced contracts are primarily used by HGPII members. The use of single-sourced contracts typically occurs when the GPO's members determine that the structure is in their best interest. A limited number of HGPII members engage in practices in which they contract for multiple items in a "bundle" in order to receive the best value for their members. HGPII members have processes in place to ensure that bundles are reasonable, appropriate and do not adversely impact competition.
- Opportunities to Contract for Innovative Products and Services: HGPII members are actively involved in promoting new technology in the healthcare supply chain. GPOs have a formal process in place that allow them to readily evaluate and enter into

contracts for innovative products and services throughout the calendar year. Many use standard GPO contracts that include a clause that allows them to enter into a new contract, at any time, with a vendor to offer an innovative technology product. GPO members also are permitted to evaluate products and communicate with a variety of vendors, regardless of whether the vendor has a contract with the GPO. There also are no restrictions on GPO members purchasing non-contracted innovative products or services directly from non-participating vendors.

HGPPII notes that its members have been successfully hosting innovation expos that contribute to the visibility and availability of new healthcare technologies. These activities have expanded substantially in recent years.

- Vendor Diversity Programs: GPOs continue to make significant strides in promoting opportunities for small, minority, veteran, LGBTQ and women-owned vendors in the supply chain. Many engage in a broad array of educational initiatives and business strategies that are designed to create opportunities for vendors who are underrepresented in the industry. While some GPOs have contracts with a growing number of diverse suppliers and engaged in strengthening their relationships, others have collaborated with GPOs who are leading in this area by taking advantage of programs and networks established by other GPOs. While only a few GPOs have a dedicated Supplier Diversity Committee or a group that focuses exclusively on diversity issues, a majority are actively engaging in efforts that support this initiative.
- Promoting the Use of Environmentally-Preferred Products and Services: GPOs are driving the demand for the increased use of environmentally-preferred products and services in the healthcare supply chain. As the demand for these products and services may vary regionally, it is clear that there is growing interest in understanding the best attributes to incorporate into the list of available items and to ensure that the claim of environmental superiority over other products is verified by an independent third-party.
- Other Lines of Business Outside of the GPO Practice: Many HGPPII members offer other business services that are complimentary to the GPO's purchasing activities,

such as consulting and analytic services aimed at reducing operational inefficiencies, reducing healthcare costs and improving clinical performance.

- GPO Use of Private Label Programs: Roughly a third of the GPOs participating in HGPII have private label program which is designed to provide additional supply at favorable prices for the GPO's members. In many cases the administrative fee structure for these programs parallel with that of other portfolio offerings.

VI. Competition within the GPO Sector of the Healthcare Supply Chain

Our survey is the most comprehensive review of business practices within the healthcare group purchasing industry. As such we have a useful perspective on competition within this sector, which over the course of Initiative has experienced substantial consolidation.

We have found that the group purchasing industry experiences fierce competition, which injects discipline into the GPO marketplace and encourages innovative approaches to service delivery. This competition exists for national contracts, typically engaged by larger organizations, as well as local and regional contracts offered by GPO entities of all sizes and specializations. The HGPII membership represents a broad diversity of business models and strategies, responding to the pressure for cost savings in the healthcare system. We can attest to the vitality of competition in group purchasing, and our survey supports existing research that quantifies the cost savings that GPOs continue to generate for the healthcare system and its stakeholders.

The group purchasing industry has successfully leveraged lower prices for health care providers that can be passed on to the public. Our survey supports the continued relevance of the pooled purchasing power of GPO networks to produce discounts for healthcare products and services. We also observe that the existence of a safe harbor provision (one of many) within the existing federal anti-kickback statute, grandfathering long-standing and beneficial GPO cost saving activities, is a necessary source of stability to this sector.

VII. GPO's Role in Advancing New Technology and Innovation in the Healthcare Supply Chain

HGPPII members are actively engaged in business practices that facilitate the timely identification and adoption of emerging technologies in the area of healthcare supplies, medical devices, and services for their members. HGPPII members engage in various activities to promote greater awareness of innovative technology, including hosting and attending trade and vendor expos and participating in other events that allow them to engage directly with healthcare suppliers. HGPPII members also closely review recommendations for products that they receive from their members.

We also can confirm that HGPPII members do not face any barriers bringing new technologies online quickly due to their ability to enter into a GPO contract for innovative technology at any time during its bid and award cycle. Additionally, there are not any prohibitions that limit the ability of a GPO's member to communicate directly with vendors whom do not contract with the GPO for the purpose of assessing their products and services. Members of GPOs that make up HGPPII are permitted to purchase products and services directly from vendors whom do not contract with the GPOs through the use of customized agreements or private agreements.

VIII. Promoting Greater Opportunities for Diverse Suppliers in the Healthcare Supply Chain

HGPPII members have placed an emphasis on promoting opportunities for healthcare suppliers that come from populations that are underrepresented in the healthcare supply chain, including enterprises owned by women, people of color, the disabled, veterans, members of the LGBTQ community, and small business owners. The emphasis that HGPPII places on promoting greater opportunities for these suppliers is done at the behest of its members whom place a high value on the need to expand opportunities for those who have been underrepresented in the healthcare supply chain. HGPPII members' commitment to promote and expand their respective supplier diversity programs continues to evolve through a number of GPO initiatives, including:

- HealthTrust has enlisted a third-party data collector to better facilitate holding contracted suppliers accountable for Tier 2 diversity spend reporting. Also, HealthTrust has launched a Supplier Diversity Council represented by HealthTrust membership which, using a comprehensive spend report, will seek to

identify and expand opportunities for diversity spend for members. Further, HealthTrust has implemented a “Diversity” contract status label to allow our members to easily identify contracted diverse suppliers whose spend may impact their own diversity goals. HealthTrust conducts an annual Supplier Diversity Symposium to provide education and mentoring for contracted diverse suppliers.

- In an effort to promote its supplier diversity program, Premier’s Supplier Diversity Committee hosts an all-day annual Supplier Diversity Forum that showcases success stories, educates diverse suppliers on how to grow their sales volume using Premier contracting strategies, and includes a reverse trade fair that encourages networking between these suppliers and Premier’s members. Premier also recognizes member health systems and contracted suppliers with Diversity Recognition Awards for their efforts to support minority-owned, women-owned, and veteran-owned small business suppliers which help strengthen local community business development initiatives.
- In 2018, Vizient partnered with Inner City Capital Connections (ICCC) to mentor and educate diverse suppliers in eleven of its markets. ICC offers a comprehensive, 40-hour curriculum featuring top-tier business school faculty, practitioners, CEOs, and capital providers. The program ends with a national capital matching conference in New York in November, where participants from each of the ICC markets hear from expert speakers, gain national visibility, and showcase their businesses.
- Intalere is one of the founding members of the Healthcare Supplier Diversity Alliance (HSDA) which is an informal network of healthcare organizations who work together to grow the market share for diverse companies in healthcare. HSDA builds and facilitates programs that raise awareness of supplier diversity in healthcare, and provides diverse business enterprises with information and instruction on navigating the healthcare supply chain. Intalere’s Supplier Diversity Program Manager is on the Board of HSDA. The organization sponsors HSDA’s annual symposium. Intalere also sponsors scholarships for the Tuck

Business School at Dartmouth's program titled "How to Build a High Performing Minority Business."

IX. The Use of Environmentally-Preferred Products and Services in the Healthcare Supply Chain

A majority of the GPOs shared that their members have expressed a desire to have environmentally-preferred products and services made available as part of its product line, and are looking to the GPO to ensure that they can be confident that a claim of environmental superiority has been certified by an independent third-party. GPOs shared that their members are driving the demand for environmentally-preferred products and services, although a few noted that their members have done so while also expressing the need to carefully balance the cost and quality of these products and services. Some GPOs are routinely engaged in educating their membership about the value of environmentally-preferred products and services, relative to their cost.

The GPOs surveyed on the use of environmentally-preferred products and services also identified a few challenges that they are experiencing in providing such items to their members. For example, there is not an industry-wide consensus on what the environmentally-preferred products and services attributes should routinely apply to each product and service category. While a few GPOs are using the attributes that have been established and recommended by Kaiser-Permanente, others are using a different set of standards. Additionally, one GPO noted that there is an "awareness" challenge that exists where some suppliers are not familiar with an environmentally-preferred product that is requested by the GPO and is unable to fulfill the request.

Despite the challenges that GPOs are encountering with incorporating environmentally-preferred products and services to product offerings, many have placed an emphasis on meeting the demand for such items and have a designated employee who is responsible for identifying the organization's objectives in this area and to develop initiatives to help educate its members about the value of these products and services. Some GPOs also have incorporated the principles of environmentally-preferred purchasing into their contract process, including within a Request for Proposals (RFP). For example, Vizient began to require vendors who submitted RFPs to provide

details regarding the environmentally-preferred attributes as an element of the non-financial criteria in all its bids.

HGPPII anticipates that the use of environmentally-preferred purchasing will continue to grow in some areas as more GPOs determine that the overall value of such products are commensurate with the cost of these items. Hospitals have driven part of this growth. As more hospitals adopt sustainable practices to combat concerns related to the safe disposal of waste and the use of chemical-free medical supplies, we anticipate a larger demand for environmentally-preferred purchasing.

X. HGPPII Activities in Calendar Year 2019

2019 Annual Best Practices Forum

The Thirteenth Annual HGPPII Best Practices Forum was held on May 16, 2019, in Washington D.C. at Arent Fox. HGPPII members, including senior members of the organization, are required to attend the day-long forum designed to provide GPOs with an opportunity to reaffirm their commitment to meet the highest ethical standards and to share their best business practices with others in the industry. The annual event also provides an opportunity for HGPPII members to review some of the issues that are of particular interest in the industry in areas that relate to ethics and business practice.

The Annual Forum held in May included a number of sessions on emerging business practices that are of interest to the GPO community, an update on an existing HGPPII Initiative, and observations from healthcare suppliers. The event began with remarks from Charles “Chip” Kahn, the President and CEO of the Federation of American Hospitals on the challenges and opportunities in the healthcare industry today.

Steering Committee Panel

Senior executives of the HGPPII member organizations offered their perspectives on some of the emerging issues confronting GPOs and the healthcare industry, including recent discussions on the Safe Harbor. The presentation provided an opportunity for the CEOs and other senior executives who make up the Steering Committee to discuss how HGPPII members

can best align the goals of Initiative with challenges facing the healthcare supply industry. Senior executives participating in the panel discussion included:

- Jody Hatcher, President, Sourcing and Collaboration Services, Vizient
- Lee Perlman, President, GNYHA Ventures, Executive Vice President & Chief Financial Officer, Greater New York Hospital Association
- Steve Schoch, Interim Chief Financial Officer, Intalere
- David Hargraves, Senior Vice President of Supply Chain Services, Premier, Inc.
- Alan Sauber, Senior Healthcare Executive and Chief Ethics and Compliance Officer, Premier, Inc.
- Jennifer Gedney, Vice President, Supply Chain Services, Children's Hospital Association

The panel was moderated by Phil English, HGPII National Coordinator.

Supplier Diversity Panel

Frank Cirillo (Vice President, Acurity, Inc.), Shaleta Dunn (Senior Director Program Services, Supplier Diversity, Vizient) and Keith Wright (Executive Director, Hilton Publishing, Inc.) shared their perspectives on the progress that HGPII and its members have made in increasing opportunities for healthcare supplier vendors that are owned by women, people of color, the disabled, veterans, LGBTQ, and small business owners. Mr. Wright discussed the progress that has been made from the vendor perspective and also highlighted some of the ongoing challenges that remain for diverse suppliers seeking a partnership with GPOs.

The panel was moderated by Sonja Nesbit, the Executive Director of HGPII.

HGPII Advisory Council Presentation and Discussion

The members of the HGPII Advisory Council – Jacqueline Brevard (Senior Advisor, GEC Risk Advisory LLC) and William O'Rourke (Brigham Young University, John Carroll

University Board Member) – provided an interactive case study on building ethical approaches into an organization’s regular business operations. The audience was divided into several groups to discuss examples of how leaders of an organization could integrate the best business practices to ensure that they are fostering an environment that prioritizes the highest ethical standards and behavior in every element of its business operations.

The panel was moderated by Sonja Nesbit, the Executive Director of HGPII.

Presentation on Kaiser Permanente’s Approach to EPP in the Healthcare Supply Chain

Joel Sigler (National Environmental Program Leader, Kaiser Permanente) reviewed the principles and standards that Kaiser Permanente adopted as part of their commitment to significantly increase the use of healthcare products that promote cleaner energy, use safer chemicals and encourage natural resource conservation and water reduction. Kaiser Permanente’s principals are designed to serve as a guideline for purchasing decisions in the supply chain and have been embraced by a few HGPII members who share the organization’s commitment to the use of environmentally preferred products for its patients.

Healthcare Supplier Panel

Kit Haefner (Senior Director of National Accounts, Nevro), Bryan Zediker (Vice President of Sales, RepScrubs), and Allan Brack (U.S. Training & Education Consultant, Qlicksmart Pty., Ltd) shared their perspectives as healthcare suppliers working with GPOs. The healthcare suppliers discussed a variety of topics such as how GPOs can be more effective in utilizing suppliers who provide specialized products and services, as well as some of the challenges small suppliers encounter in their attempts to get awarded contracts with large GPOs.

The panel was moderated by Sonja Nesbit, the Executive Director of HGPII.

Regulatory Panel

Dr. Joan DaVanzo (Chief Executive Officer, Dobson DaVanzo Associates LLC) discussed the findings included in a Dobson DaVanzo report on the critical role of GPOs in increasing value and reducing healthcare expenditures in the healthcare industry.

The panel was moderated by Phil English, HGPII National Coordinator.

Presentation on Cyber Security Vulnerabilities in the Healthcare Industry

Douglas Grimm (Healthcare Attorney and Partner, Arent Fox) reviewed the growing challenges healthcare companies face as a result of the ever present threat of cybersecurity attacks which could risk the unauthorized disclosure of sensitive information relating to the company or its patients to hackers. Mr. Grimm reviewed examples of emerging threats, discussed the experiences of some companies that have been the victims of cyberattacks, and highlighted a few business practices that a healthcare organization can take to reduce their vulnerability to such an attack.

HGPII Initiative on Diverse Suppliers in the Healthcare Supply Chain

HGPII members continue to prioritize their work in leading the industry in engaging in business practices that promote greater opportunities for diverse healthcare supply companies that are owned by women, people of color, the disabled, veterans, members of the LBGT community, and small business owners. In addition to highlighting their organizations' business operations that support of this Initiative and reviewing the best practices in this area at the HGPII Annual Best Practices Forum, representatives from several HGPII members routinely participate in conference calls with HGPII to discuss how the Initiative can continue to improve and serve as an industry leader in this area.

HGPII Administrative Developments

Additional Membership

This year, following a rigorous review and engagement, HGPII added a new organization to its membership. Our team interviewed the Capstone Health Alliance following an application for membership. They were granted HGPII full member status following a lengthy process involving the organization's submission of a completed and detailed questionnaire, and participation in the Annual Best Practices Forum. Capstone and its network represents a significant addition to the HGPII best practices framework.

Vendor Grievance Process

An arbitration process is available through HGPII to any vendor that files a complaint against a HGPII member regarding its contract process, costs or fee structures. HGPII confirms on an annual basis that each HGPII member is meeting their obligation to offer all vendors access to the formal grievance process. HGPII members also are obligated to make all vendors aware of the availability of a final arbitration opportunity for those who have exhausted their grievance opportunities at the GPO level.

In 2019, no vendor complaints were referred to HGPII.

XI. Standard and Compliance Guidance

To support member education, training and compliance activities, this year HGPII issued and distributed a White Paper on Conflicts of Interest to its members, recent participants in HGPII programming and the general public. This publication is designed to provide guidance to group purchasing organizations and their personnel in the implementation of HGPII standards on conflicts of interest and best practices in addressing related issues. The White Paper is a plain language document describing the standard, and offering examples of potential conflicts as well as compliance recommendations for avoiding them. HGPII has made this document available to support member compliance programs, improve decision-making and training, and as a flexible reference tool. HGPII will evaluate and update this document as part of an active assessment, and periodically issue similar documents on the basis of surveys, member demand and public experience.

XII. Appendices

APPENDIX A

CHARTER OF THE HEALTHCARE GROUP PURCHASING INDUSTRY INITIATIVE (HGPII)

The Healthcare Group Purchasing Industry Initiative (HGPII) was established in 2005 by the nation's nine major healthcare group purchasing organizations (GPOs). These GPOs pledged to adopt and implement a set of principles for business ethics and conduct that acknowledges and expresses their responsibilities to the public as well as to government entities which fund healthcare services in the United States.

Healthcare GPOs are an essential link in the supply chain of healthcare providers such as hospitals, clinics, and other delivery organizations. GPOs aggregate the purchasing activity of their members, thereby lowering costs in both the purchasing activity itself and in the prices at which products and services are purchased. GPOs also enable members to coordinate the collection of data, facilitate an improvement of systems essential to the quality of care as well as an overall reduction of costs.

By joining HGPII, member organizations pledge to follow both a set of Core Principles established by the Initiative and to participate in an ongoing dialogue with other GPOs and various organizations, such as the Department of Health and Human Services, regarding the most effective policies and procedures for implementing these Principles.

The HGPII Principles are:

- 1) Each Signatory shall have and adhere to a written code of business conduct. The code establishes high ethical values and sound business practices for the Signatory's group purchasing organization.
- 2) Each Signatory shall train all within the organization as to their personal responsibilities under the code.

3) Each Signatory commits itself to work toward the twin goals of high quality healthcare and cost effectiveness.

4) Each Signatory commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.

5) Each Signatory shall have the responsibility to each other to share their best practices in implementing the Principles; each Signatory shall participate in an annual Best Practices Forum.

6) Each Signatory, through its participation in this Initiative, shall be accountable to the public.

As they pursue these Principles, Signatories take a leading role in making the Principles a standard for the entire healthcare group purchasing industry, and a model for other healthcare industries.

Annual Public Accountability Questionnaire

On an annual basis, each Signatory organization files a report with the HGPII Coordinator that responds to the Annual Public Accountability Questionnaire (PAQ). These reports are available to the public, and are used by the HGPII Coordinator to compile a summary report on the adherence of Signatories to the Principles, as well as evolving Best Practices in fulfillment of the Principles. The PAQ captures information about each Member GPO's business practices, codes of conduct, conflict of interest policies, fee structure, bid process, and many other in-depth issue areas.

Organization

HGPII consists of a Steering Committee, a Working Group, and a HGPII Coordinator that govern the Initiative.

The Steering Committee, which consist of the CEOs of all Signatory organizations, sets policies for HGPII, which are based on recommendations from the Working Group. (As the Initiative grows in size, the membership of the Steering Committee and Working Group may be limited to a representative group.)

The Working Group, which consist of one designee from each Signatory organization, is responsible for working with the HGPII Coordinator on ongoing initiatives, as well as other areas related to the management of the HGPII. .

The HGPII Coordinator is the day-to-day operating officer of the organization and is responsible for planning and conducting meetings, including the annual Best Practices Forum, reviewing responses to the Annual Public Accountability Questionnaire, and preparing an annual report on the adherence of Signatories to the Principles and trends in Best Practices.

The Coordinator reviews the annual questionnaires for responsiveness, completeness, and accuracy, following up with participating organizations to recommend remedial action. The Coordinator also makes recommendations to the Working Group and the Steering Committee regarding the continued participation of organizations that do not take adequate remedial action.

Membership

Membership in HGPII is open to any healthcare GPO, including those entities in which group purchasing is only one of many activities of the organization. Upon joining HGPII, members must pledge to follow the Principles, to file the Public Accountability Questionnaire annually, and to participate in the annual Best Practice Forum.

HGPII does not anticipate refusing any good faith membership application or renewals, however, it does reserve the right to refuse or suspend membership privileges for cause.

APPENDIX B

HGPII CODE OF CONDUCT PRINCIPLES

Introduction:

The Healthcare Group Purchasing Industry Initiative ("Initiative") is an independent and voluntary organization created to establish and assure implementation of the highest ethical standards and business conduct practices in the healthcare group purchasing industry. Each Signatory of the Initiative pledges to follow a set of six core ethical and business principles, to report annually on adherence to these principles using an Annual Public Accountability Questionnaire, and to participate in an Annual Best Practices Forum to discuss best ethical and business conduct practices with other GPO representatives and interested parties. The six core principles underscore the healthcare group purchasing industry's commitment to use ethical business practices to help healthcare providers provide quality patient care at the most manageable cost.

The Initiative's six core principles are:

1. Each Signatory shall have and adhere to a written code of business conduct. The code establishes high ethical values and sound business practices for the Signatory's group purchasing organization.
2. Each Signatory shall train all within the organization as to their personal responsibilities under the code.
3. Each Signatory commits itself to work toward the twin goals of high quality healthcare and cost effectiveness.
4. Each Signatory commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.

5. Each Signatory shall have the responsibility to each other to share their best practices in implementing the Principles; each Signatory shall participate in an annual Best Practices Forum.
6. Each Signatory, through its participation in this Initiative, shall be accountable to the public.

Each Signatory is committed to the full implementation of the six core principles and shall not take any action that would be contrary to its intent and purpose. Each Signatory agrees to fully comply with the mandatory Healthcare Group Purchasing Code of Conduct Principles set forth below.

The Initiative also tracks how participating Signatories implement the Healthcare Group Purchasing Code of Conduct Principles through the Initiative's annual accountability process. Each Signatory submits an Annual Public Accountability Questionnaire to provide further transparency to the public regarding how each Signatory has implemented the Healthcare Group Purchasing Code of Conduct Principles. This disclosure allows government officials and the public to assess the adequacy of each organization's ethical and business practices.

The Healthcare Group Purchasing Industry Initiative Code of Conduct Principles:

1. Each GPO shall have and adhere to a written code of business conduct. The code establishes high ethical values expected for all within the Signatory's organization.
 - a. Each GPO's distribution of code of business conduct ("Code") shall include:
 - i. Distributing the Code to all new employees during their employee orientation; and
 - ii. Making available the Code to all clinical advisory committee members, contractors, directors, agents and vendors.
 - b. Each GPO's oversight of its Code shall include:
 - i. A compliance officer to be responsible for overseeing compliance with the Code;

- ii. A compliance committee or similar committee to advise the compliance officer and assist in the implementation of the Code;
 - iii. A mechanism whereby employees can report possible violations of the Code without fear of retribution;
 - iv. A mechanism to evaluate, investigate and resolve suspected violations of the Code;
 - v. A process to monitor on a continuing basis, adherence to the Code;
 - vi. A process whereby adherence to the Code is measured in job performance;
 - vii. A process to inform its Board of Director's committee or other appropriate committee regarding its adherence to its Code and its commitment to The Healthcare Group Purchasing Code of Conduct Principles; and
 - viii. A process to continually measure and improve upon the value of the GPO's Code by evaluating best practices within the healthcare group purchasing industry.
- 2. Each GPO shall train all within the organization as to their personal responsibilities under the code.
 - a. Each GPO's Code training shall include:
 - i. Providing all new employees training on the Code and any applicable law; and
 - ii. Providing periodic compliance training, guidance and education on the Code and any applicable law to employees, committee members, directors, officers, and any applicable contracting agents.
- 3. Each GPO commits itself to work toward the twin goals of high quality healthcare and cost effectiveness.
 - a. Each GPO's policies supporting high quality healthcare and cost effectiveness shall include:
 - i. A policy that encourages a competitive marketplace for healthcare procurement;
 - ii. A policy that encourages members to purchase future medical technology and products determined to be innovative.

- iii. A policy that promotes the evaluation of innovative medical technology and products; and
 - iv. A policy that promotes purchase of safe medical products.
- 4. Each GPO commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.
 - a. Each GPO's conflict of interest policies related to individuals shall include:
 - i. A requirement that employees in a position to influence the GPO contracting process not accept any gifts, entertainment, favors, honoraria, or personal service payments other than those of a Nominal Value from any participating vendor1[SIO2];
 - ii. A policy prohibiting its employees who are in a position to influence the GPO contracting decisions from having an Individual Equity Interest in any participating vendor2[SIO3] in the contract areas they influence;
 - iii. A policy that requires that any employee not covered under Section 4(a)(ii), and any officer, director, or a member of an advisory board of a GPO who accepts any gifts, favors, honoraria or personal services payments other than those of Nominal Value from any participating vendor to disclose such transactions to the appropriate governing body and for that individual to be recused from any negotiations or decisions related to such participating vendor;
 - iv. A policy that requires that any employee not covered under Section 4(a)(ii), officer, director, or a member of an advisory board of a GPO to disclose Individual Equity Interests in any participating vendor to the appropriate governing body and for that individual to be recused from any negotiations or decisions relating to such participating vendor; and
 - v. A policy that requires all employees, directors, officers, and members of advisory boards to disclose information regarding any conflict of interest described in its Code on at least an annual basis.
 - b. Each GPO's conflict of interest policies shall include a policy to ensure that it does not have any Corporate Equity Interest3[SIO4] in any participating vendor unless the acquisition of such Corporate Equity Interest demonstrably benefits the GPO's members, the GPO

discloses such equity interest to its members in writing, and the GPO imposes no obligation, commitment or other requirements or restrictions that in any way obligates a member to purchase goods or services from such participating vendor.

c. Each GPO's conflict of interest and disclosure policies related to administrative fees shall include:

- i. A policy that ensures the receipt of administrative fees from vendors do not encroach upon the best interests of the GPO's members;
- ii. A policy that requires it to have a written agreement with each member authorizing it to act as their purchasing agent to negotiate contracts with vendors to furnish goods or services to each member;
- iii. A policy to disclose in writing to each member or member's agent that it receives payments from participating vendors with respect to purchases made by or on behalf of such member;
- iv. A policy that requires it annually to disclose all administrative fees received from vendors for contracting activities with respect to purchases made by the respective member; and
- v. A policy that requires it annually to disclose all payments received from any vendor in the course of the GPO's group purchasing activities, but not allocable or otherwise reported with respect to the actual purchases of that or any other member.

d. Each GPO's policies to ensure an open and competitive purchasing process shall include:

- i. A requirement to publicly post on its website or through other appropriate means information about its contracting process and contract opportunities;
- ii. A policy to ensure a fair and unbiased system for evaluating healthcare products and services being considered for procurement;
- iii. A policy that allows its members to communicate directly with all vendors and evaluate their products, regardless of whether the vendor has a contract with the GPO;

- iv. A policy that allows its members to purchase medical products from vendors that do not contract with the GPO;
 - v. A policy that establishes a vendor grievance procedure;
 - vi. A policy to ensure the appropriate use of bundling, length of contracts, and sole or dual source contracts; and
 - vii. A policy that promotes diversity among vendors to small, women and minority-owned vendors.
5. Each GPO shall have the responsibility to each other to share their best practices in implementing the Principles; each Signatory shall participate in an annual Best Practices Forum.
- a. Each GPO's Best Practices Forum participation shall include sending an appropriate number of participants including senior executives to actively participate in the annual Best Practices Forum.
6. Each GPO shall be accountable to the public.
- a. Each GPO's responsibilities shall include:
 - i. Ensuring its CEO and Compliance Officer annual certify to the Initiative that it is in compliance with The Healthcare Group Purchasing Code of Conduct Principles;
 - ii. Submitting its response to the Initiative's Annual Public Accountability Questionnaire on a timely basis; and
 - iii. Ensuring its CEO and Compliance Officer annually certify to the Initiative that these individuals have reviewed and approved the GPO's Public Accountability response.

-
- 1. Nominal Value shall mean any item, service or other thing of value (not including cash or cash equivalents) that does not exceed \$50 per instance or \$100 in any given calendar year.
 - 2. Individual Equity Interest is defined as securities, options, warrants, debt instruments (including loans), or rights to acquire any of the foregoing, provided, however that the term shall not include: (a) interests in publicly held mutual funds or (b) interests held in a blind trust in which all investment decisions are

independently managed by a third party and the existence and trust terms are fully disclosed to the appropriate governing body to ensure that neutrality of the GPO contracting decisions are protected.

3. Corporate Equity Interest shall mean securities, options, warrants, debt instruments (including loans), or rights to acquire the foregoing.

APPENDIX C
LIST OF MEMBER ORGANIZATIONS AND CONTACTS

Intalere (formerly Amerinet, Inc.)

ATTN: Steve Schoch
Two CityPlace Dr,
Suite 400
St. Louis, MO 63141
Tel: (800) 388-2638
www.intalere.com

Children's Hospital Association

ATTN: Jennifer Gedney
6803 W. 64th Street,
Suite 208
Shawnee Mission, KS 66202
Tel: (913) 262-1436
www.childrenshospitals.org

Acurity, Inc. (formerly GNYHA)

Effective February 2020, Acurity has been acquired by Premier. Contact Premier for information regarding the content of this survey.

Healthtrust Purchasing Group

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1100 Martin L King Jr Blvd
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Tel: (615) 344-3000
<http://healthtrustpg.com>

HPS

ATTN: Tom LaPres
3275 N. M-37 Hwy
P.O. Box 247
Middleville, MI 49333
Tel: (800) 632-4572
www.hpsnet.com

Innovatix, LLC

ATTN: John Sganga
75 Ninth Avenue
2nd Floor
New York, NY 10011
Tel: (888) 258-3273
www.innovatix.com

Premier, Inc

ATTN: Mike Alkire
13034 Ballantyne Corporate Place
Charlotte, NC 28277
Tel: (877) 777-1552
www.premierinc.com

TPC

ATTN: Geoffrey Brenner
7160 Dallas Parkway
Suite 600
Plano, TX 75024
Tel: (469) 366-2100
www.tpc1.com

Vizient, Inc. (including MedAssets)

ATTN: Cathy Denning
290 East John Carpenter Fwy
Irving, TX 75062
Tel: (972) 581-5000
www.vizientinc.com

Yankee Alliance

ATTN: Cathy Spinney
138 River Road
Andover, MA 01810-1083
Tel: (978) 470-2000
www.yankeealliance.com

Capstone Health Alliance

ATTN: Mark Landau

12 Cane Creek Road

Fletcher, NC 28732

Tel: (828) 418-5050

www.capstonehealthalliance.com

APPENDIX D

HGPPII STEERING COMMITTEE MEMBERS

**DAVID HARGRAVES, STEERING COMMITTEE
CHAIR**

Senior Vice President, Supply Chain
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President and Chief Executive Officer

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Children's Hospital Association

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Steve Schoch

Chief Financial Officer

Intalere

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Email: Steve.Schoch@intalere.com

Lee Perlman

President

Acurity, Inc. (formerly GNYHA Services, Inc.)

Effective February 2020, Acurity has been acquired by Premier. Contact Premier for information regarding the content of this survey.

APPENDIX E
HGPPI WORKING GROUP MEMBERS

Lori R. Levinson

Senior Vice President & Deputy General Counsel
Acurity, Inc. (formerly GNYHA Services, Inc.)

Effective February 2020, Acurity has been
acquired by Premier. Contact Premier for
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APPENDIX F

2019 PUBLIC ACCOUNTABILITY QUESTIONNAIRE



2019 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2018.
Please return your response to sonja.nesbit@arentfox.com no later than
June 3, 2019.

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.
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.
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).

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.

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).
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]

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.
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?

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?
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

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)).

guard against a potential conflict of interest relating to vendor participation in industry trade shows, and donations in general?

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

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

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

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.
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

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

34. Describe the GPO's program or activities that encourage contracting with Diverse Vendors (small, women-owned, veteran owned, minority-owned). Explain how you promote or market those programs to the GPO's membership and to Diverse Vendors.
35. Has the GPO increased contracting with Diverse Vendors over the prior year(s)? If so, quantify these increases within each Diverse Vendor category (SBE, WBE, VBE, and/or MBE).
36. Does the GPO have a Vendor 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 the previous question provide education to member health systems regarding diversity program best practices and/or how to establish a Vendor Diversity Program within their system? Does it solicit member feedback to ensure it is meeting member expectations?
38. Describe any other actions concerning Vendor Diversity you think are important that are not covered by the preceding questions.

ENVIRONMENTALLY-PREFERRED PRODUCTS AND SERVICES

39. Have members of your GPO expressed a preference for environmentally-preferred products and services?
40. Describe your GPO's approach in identifying and satisfying the desires of your various members for environmentally-preferred products and services. Provide examples of environmentally-preferred products and services within your current portfolio.
41. What challenges, if any, have you experienced in identifying or contracting for working a variety of environmentally-preferred products and services to your members? How have you responded to such challenges?
42. Has your GPO designated someone to:

- Identify your GPO’s environmentally-preferred objectives;
- Explore environmentally-preferred products and services; and/or
- Develop initiatives to help educate your members about the value of using environmentally-preferred products and services?

CODE OF CONDUCT

43. Provide a copy of and an electronic link to your GPO’s written code of business ethics and conduct. Describe any changes made to it from the previous HGPII reporting year.
44. 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.
45. 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.

REPORTING POTENTIAL ETHICAL VIOLATIONS

46. 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?
47. 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.
48. 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.
49. 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.
50. How many of your GPO employees attended the most recent Best Practices Forum? Include the name of the most senior executive who attended.

51. 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.

APPENDIX G
AGENDA 2019 ANNUAL BEST PRACTICES FORUM



HPGII ANNUAL BEST PRACTICES FORUM AGENDA
May 16, 2019

*All of the conference sessions will be held in the 3rd Floor Multipurpose Room

8:00AM-9:00AM Breakfast and Networking Session

9:00AM-9:30AM Welcome and Opening Remarks

- Jody Hatcher, Chairman, HGPII Steering Committee
- Phil English, HGPII National Coordinator
- Byron Dorgan, HGPII Co-Coordinator

9:30AM-10:15AM Keynote Speaker: Charles “Chip” Kahn, President and CEO, Federation of American Hospitals

- **Introduction by:** Phil English, HGPII National Coordinator

10:15AM-10:30PM Morning Break

10:30AM-11:15AM Steering Committee Panel

Moderator: Phil English, HGPII National Coordinator

GPO Executives will discuss matters of interest to HGPII and respond to questions from the audience

11:15AM-12:00PM Diversity Supplier Panel: *Progress Report on Best Practices of Supplier Diversity in the Healthcare Industry*

Moderator: Sonja Nesbit, HGPII Executive Director

Panelist:

- Frank Cirillo, Vice President of Strategic Initiatives, Acurity Inc.
- Shaleta Dunn, Senior Director Program Services, Supplier Diversity, Vizient
- Keith Wright, Executive Director, Hilton Publishing, Inc.

12:00PM-1:00PM Lunch Program

12:15-12:30pm

Remarks: Khaterreh Calleja, President and CEO, Healthcare Supply Chain Association

Introduced by: Byron Dorgan, HGPII Co-Coordinator

1:00PM-1:45PM HGPII Advisory Council Presentation: *Building Ethical Approaches into Everyday Activities*

Moderator: Sonja Nesbit, HGPII Executive Director

Panelist:

- Jacqueline Brevard, Senior Advisor, GEC Risk Advisor
- Bill O'Rourke, Retired Alcoa Vice President and Owner, Merit Leadership LLC

1:45PM-2:30PM Presentation: *An Evaluation of Kaiser Permanente's Approach to EPP in the Healthcare Supply Chain*

Introduced by: Phil English, HGPII National Coordinator

Presenter:

- Joel Sigler, National Environmental Program Leader, Kaiser Permanente

2:30PM-2:45PM Afternoon Break

- 2:45PM-3:30PM Healthcare Supplier Panel: *The Healthcare Supply Chain from the Supplier Perspective*
Moderator: Sonja Nesbit, HGPII Executive Director
Panelist:
- Kit Haefner, Senior Director, National Accounts, Nevro
 - Bryan Zediker, Vice President of Sales, RepScrubs
 - Allan Brack, U.S. Training & Education Consultant
Clicksmart Pty. Ltd.
- 3:30PM-4:15PM Regulatory Panel: *Expanding the Value of GPOs: Review of Dobson DaVanzo Report*
Moderator: Phil English, HGPII National Coordinator
Presenter:
- Joan DaVanzo, Ph.D., M.S.W., Chief Executive Officer, Dobson
DaVanzo Associates LLC
- 4:15PM-5:00PM Presentation: *The Ongoing Threat of Cyber Security Vulnerabilities in the Healthcare Industry*
Introduced by: Byron Dorgan, HGPII Co-Coordinator
Presenter:
- Douglas Grimm, Arent Fox, Partner
- 5:00PM-5:15PM Closing Remarks: Phil English, HGPII National Coordinator

APPENDIX H

REGISTERED ATTENDEES 2019 HGPII BEST PRACTICES FORUM

First	Last	Company
Peter	Allen	Vizient, Inc.
Robert	Arreola	HealthTrust
Jeffrey	Ashkenase	Acurity
David A.	Berry	Vizient, Inc.
Jocelyn	Bradshaw	HealthTrust
Khatereh	Calleja	Healthcare Supply Chain Association
Amy	Campbell	Yankee Alliance
Blair	Childs	Premier, Inc.
Frank	Cirillo	Acurity, Inc.
Chris	Coldicutt	TPC
Jamie	Coleman	Intalere
Cathy	Denning	Vizient, Inc.
Amy	Denny	Premier Inc.
Shaleta	Dunn	Vizient, Inc.
Doug	Findlay	HealthTrust Purchasing Group
Chris	Flock	Healthcare Supply Chain Association
Jennifer	Gedney	Children's Hospital Association
David	Gillan	Vizient, Inc.
Sapan	Goel	Premier, Inc.
Cyrus	Hadjesmaili	HealthTrust
David	Hargraves	Premier, Inc.
Jody	Hatcher	Vizient, Inc.
Sandra	Hayter	Vizient, Inc.
Barbara	Hogan	Intalere, Inc.
Tonya	Hunt	HealthTrust Purchasing Group
Christopher	Jones	Premier, Inc
Robert	Karcher	Acurity, Inc.
Melanie	Kawiecki	Yankee Alliance
Dan	Kistner	Vizient, Inc.
Shoshana	Krilow	Vizient, Inc.
Mark	Landau	Capstone health alliance

William	Larkin	Acurity, Inc.
Lori	Levinson	GNYHA
Kelly	Love	TPC
Amanda	Major	Children's Hospital Association
Sonya	McCall	Capstone Health Alliance, Inc.
Michael	Moon	TPC
Christopher J.	O'Connor	Acurity, Inc./Nexera, Inc.
Lee	Perlman	GNYHA Ventures
Mark	Phalen	TPC
Soumi	Saha	Premier, Inc.
Alan	Sauber	Premier, Inc.
Justin	Schneider	Premier, Inc.
Steve	Schoch	Intalere
Praful	Shah	Acurity, Inc.
Cathy	Spinney	Yankee Alliance
John	Thompson	Vizient, Inc.
Rodney	Waller	Vizient, Inc.
Michael	Wascovich	Premier, Inc.
Glenn	Wexler	GNYHA Ventures, Inc.
Aisling	Zaccarelli	GNYHA

APPENDIX I

HGPPI INDEPENDENT EVALUATION

PURPOSE

HGPPI, as well as the individual member GPOs, actively promote the use of competitive contracting processes to maximize value and quality to GPO members insuring all vendors are treated in a fair and unbiased manner. (The contracting processes utilized by each individual GPO to competitively solicit proposals from and award contracts to vendors or to evaluate new technology submissions from and award new technology contracts to vendors is referred to as the "GPO Contract Process".) In an effort to provide vendors with a forum to voice complaints regarding award decisions, each GPO, as a condition of its membership in HGPPI, has agreed to participate in a two-step review process. The first step is a formal, published process established by each GPO to review vendor concerns (the "GPO Grievance Process").

Although individual GPO Grievance Processes vary, each is designed to provide vendors with an understanding of the bid process, foster respect for member decision making, and provide an opportunity for vendors to raise discrepancies that might have occurred during the process. In the vast majority of instances, this process will be sufficient to address a vendor's concerns. Where a vendor continues to have concerns they may request an independent and unbiased third party evaluation through the HGPPI Independent Evaluation (HGPPI Evaluation).

It is important to note the HGPPI Evaluation is not intended to resolve contractual disputes or review clinical evaluations or other decisions that are the purview of a GPO Member Council. Because GPO Members are both the final decision makers and the ultimate purchasers of product, actions taken pursuant to a HGPPI Evaluation outcome may be subject to review and final approval by a Member Council. (Vendors should review each GPO Vendor Grievance Process and/or code of conduct for information regarding Member Council review.)

INDEPENDENCY OF HGPPI EVALUATION

In order to facilitate the HGPPI Evaluation and insure independency, HGPPI utilizes the services of the American Arbitration Association® (AAA), an organization that provides alternative

dispute resolution services. A Neutral is chosen by AAA from a list of neutral experts maintained by AAA. The Neutral evaluates the issues in dispute and provides an unbiased opinion. By following the process outlined herein and utilizing neutral experts vetted and selected by AAA, the vendor is assured a fully independent review.¹

SCOPE OF HGPII EVALUATION

The role of the Neutral is to review vendor complaints and provide an evaluation as to whether the Vendor failed to receive an award as a result of a failure of the GPO to follow principles of the applicable GPO Contract Process. The Neutral may make recommendations regarding a GPO Contract Process, applying a reasonable business standard. The Neutral will not review business decisions or decisions that are the purview of a Member Council, such as clinical evaluations or scoring. Further, the Neutral shall have no authority to provide an evaluation regarding the legality of a GPO Contract Process or GPO Grievance Process.

The HGPII Evaluation is available for vendor complaints associated with awards for GPO national contracts. Bids or new technology submissions conducted and/or reviewed by a GPO at the request of and exclusively for an individual hospital or a distinct group of identifiable hospitals are conducted pursuant to criteria and processes that are established and overseen by such hospital or group. Accordingly, such processes and awards are not subject to review through the HGPII Evaluation.

All HGPII member GPOs have agreed to participate in the HGPII Evaluation. HGPII will facilitate requests for HGPII Evaluation brought against a non-HGPII member provided such GPO has also agreed to participate.

TYPES OF VENDOR COMPLAINTS ELIGIBLE FOR REVIEW

Pre-award – Occurs when a Vendor has been informed prior to a contract award announcement that it will not receive an award relative to a competitively-bid RFP (e.g., the vendor failed to meet minimum bid requirements).

Post-award – Occurs when a Vendor is informed concurrently with or after the award announcement that it will not receive an award.

New Technology – Occurs when a Vendor is denied a contract award following submission of a request for a contract award for New Technology.

PROCESS FOR HGPII EVALUATION

1. Prior to initiating a HGPII Evaluation, the Vendor must first submit its complaint to and complete the GPO's formal, published grievance process ("GPO Grievance Process").
2. Within five business days following receipt of the decision rendered by the GPO as a result of the GPO Grievance Process, the Vendor shall send to AAA (with a copy each to the HGPII Coordinator and to the applicable GPO's ethics and compliance officer) the following information:
 - The Vendor's executed agreement relative to HGPII Evaluation in the form attached;
 - The names, addresses and telephone numbers of the parties and their representatives;
 - A copy of the decision rendered by the GPO at the conclusion of its formal grievance process;
 - An executed Confidentiality Agreement
 - The case setup fees as set out below.
3. The HGPII Evaluation will be conducted pursuant to the rules of the HGPII Evaluation process and the AAA's Early Neutral Evaluation Procedures.
4. AAA will facilitate communication among the parties, insure that AAA is in possession of all necessary documentation, and provide other assistance as necessary to facilitate the prompt conclusion of the HGPII Evaluation.
5. AAA will select a single Neutral, and will provide biographical information on the proposed Neutral to the parties.

No person shall serve as a Neutral in any dispute in which that person has any financial or personal interest in the result of the HGPII Evaluation, except by the written consent of all parties. Prior to accepting an appointment, the prospective Neutral shall disclose any circumstance likely to create a presumption of bias or prevent a prompt meeting with the parties. Upon receipt of such information, AAA shall either replace the Neutral or immediately communicate the information to the parties for their comments. In the event that a party objects to the Neutral or the appointed Neutral is unable to serve promptly, AAA will appoint another Neutral.

The Neutral will work with the parties in setting forth an appropriate schedule for exchanging initial written statements and submitting those to the Neutral. The initial statement shall describe the substance of the complaint, the parties' view of the issues, key evidence and any other information that may be useful to the Neutral. The GPO shall also provide to the Neutral any assertions of Disqualifying Factors, as set out below. The Neutral and the parties will decide on the length and extent of the initial written statements. Each party shall provide copies of its initial written statement and Disqualifying Factors, if any, to the other party. The parties may mutually agree to have the Neutral make a determination based on their written submission.

6. Prior to the start of an Evaluation Session the Neutral shall review the assertions of Disqualifying Factors and may, based on the written submissions, make a determination that a Disqualifying Factor exists, in which event no further review by the Neutral will take place. The Vendor may, at its discretion, submit to the Neutral its written response in opposition to the GPO's assertion of Disqualifying Factors, which shall be taken into consideration by the Neutral in making a determination. The Neutral may, at his/her discretion, refrain from making an initial determination of Disqualifying Factors, but continue to take the GPO's assertion of Disqualifying Factors into consideration throughout the process. If at any time during the process the Neutral determines that a Disqualifying Factor exists, the Neutral shall advise the parties of such determination, at which point the HGPII Evaluation shall be deemed concluded. Notwithstanding a determination of a Disqualifying Factor, the Neutral may, in his/her sole discretion, make recommendations, utilizing a reasonable business standard, regarding the GPO Contract Process or GPO Grievance Process.

7. An in person Evaluation Session with the Neutral is preferred; however, the parties may meet with the Neutral by teleconference or videoconference upon the mutual agreement of the parties. The Neutral shall facilitate communication amongst the parties to identify a convenient location for the in person Evaluation Session or teleconference or videoconference. Such Evaluation Session shall be scheduled at an agreed upon time and place, each party to bear its own travel and other costs. At such meeting, teleconference, or videoconference, each party will verbally and through documents or other media present its claims or defenses and describe the principal evidence on which they are based. The Evaluation Session is informal and the rules of evidence do not apply. Each party shall have in attendance throughout the Evaluation Session a representative with settlement authority. There is no formal examination or cross-examination of witnesses and the presentations and discussions will not be recorded.

8. Unless the parties and Neutral agree to another timeline, a written evaluation will be rendered within five business days after the conclusion of the proceedings and no later than 60 calendar days following AAA's receipt of the request for a HGPII Evaluation. The Neutral may also present his/her HGPII Evaluation verbally upon the consent of both the request of any party. After the receipt of the HGPII Evaluation, the parties can make further inquiry about issues and points made in the evaluation.

TIMELINES

The timelines established within the HGPII Evaluation process are designed to insure a prompt and expedient resolution of the complaint.

CONFIDENTIALITY OF HGPII EVALUATION

Neither the Neutral, the Coordinator, nor any party hereto shall divulge confidential information disclosed to them by the parties or by witnesses in the course of the HGPII Evaluation. All records, reports or other documents received by the Neutral while serving in that capacity shall be confidential.

Neither the Neutral nor the Coordinator shall be compelled to divulge such records or to testify in regard to the HGPII Evaluation in any adversary proceeding or judicial forum.

Notwithstanding the above, the Neutral and the Coordinator may make available information related to a HGPII Evaluation, including a copy of the Neutral's evaluation, pursuant to the request or inquiry of a duly authorized governmental body, provided that prior notice is provided to each party whose documents/information is being requested along with a copy of the specific materials that are to be disclosed, and provided further that confidentiality is requested for the materials being disclosed.

The parties shall maintain the confidentiality of the HGPII Evaluation and shall not rely on or introduce as evidence in any arbitral, judicial or other proceeding:

- Views expressed or suggestions made by another party with respect to a possible settlement of the dispute which takes place during the HGPII Evaluation;
- Admissions made by another party in the course of the HGPII Evaluation proceedings;
- Proposals made or views expressed by the Neutral; or
- The fact that another party had or had not indicated willingness to accept a proposal for settlement made by the Neutral.

APPLICATIONS TO COURT AND LIMITATION OF LIABILITY

Neither HGPII, AAA, nor any Neutral is a necessary party in judicial proceedings relating to the subject of the Evaluation.

Neither HGPII, AAA, nor any Neutral shall be liable to any party for any act or omission in connection with any HGPII Evaluation.

DISQUALIFYING FACTORS OF A HGPII EVALUATION

The following Disqualifying Factors shall be taken into consideration by the Neutral, as set out herein:

- Complaints that are general in nature and do not state a specific failure to adhere to the GPO Contract Process.

- An allegation that the GPO Contract Process or award decision is in violation of law, is inadequate or otherwise inappropriate. Allegations of this nature should be brought to the attention of the Coordinator.
- A failure by the Vendor to submit a response to a RFP (or other required documentation) by the deadline specified in the RFP instructions, or other failures to satisfy procedural or minimum requirements, including but not limited to a failure of the parties to reach mutually agreeable contract terms.
- Failure of a Vendor to meet established time lines for filing a request for HGPII Evaluation (as set forth above).
- Any complaint related to a request for a New Technology award where Vendor failed to respond to a previous RFP for that product which met the description of the Vendor's product and the Vendor's product was being marketed by the Vendor at the time of the RFP.
- The Vendor has failed to cooperate with the Neutral during the HGPII Evaluation, including without limitation the failure to provide requested information in a timely manner.
- The Vendor failed to complete the GPO Grievance Process.
- Any complaint relative to a RFP and/or award that already has been the subject of a HGPII Evaluation in relation to the same Vendor.
- Complaints related to award decisions or other actions associated with the RFP that are the subject of litigation. If, during the course of the HGPII Evaluation process, either party files suit against the other, then the HGPII Evaluation shall immediately cease and all submitted materials will be immediately returned to the submitting party.

OUTCOMES

The HGPII Evaluation is designed to provide a Vendor with an independent evaluation of its complaint. The evaluation shall reflect the Neutral's opinion regarding the Vendor's response to the RFP and the GPO's review and evaluation of such response in relation to the underlying RFP, the GPO Contract Process, and the GPO Grievance Process. The Neutral will not, however, provide any opinion relative to decisions reached by a Member or Member Council in

connection with the applicable RFP. In addition, the Neutral may, in his/her discretion, provide recommendations regarding the GPO Contract Process and/or the GPO Grievance Process.

In the event the Neutral issues an opinion that (i) the GPO Contract Process was not followed AND (ii) as a result of not following the GPO Contract Process the Vendor was denied a contract award, then the GPO shall, subject to the individual GPO Contract Process, either (x) award a contract to the Vendor, (y) bid or re-bid the product or product category, (z) or submit the HGPII Evaluation to the appropriate GPO Member Council for reevaluation of the award decision, taking into account the HGPII Evaluation. Within five business days following receipt of the Neutral's evaluation, the GPO shall notify the Vendor and the Coordinator of whether the GPO is awarding a contract, bidding or re-bidding the product or product category, or submitting the HGPII Evaluation to the appropriate GPO Member Council. In the event the GPO submits the HGPII Evaluation opinion to its Member Council, the GPO shall make all reasonable efforts to facilitate a prompt meeting and decision of such Member Council. Notification of the Member Council decision shall be provided to the Vendor and Coordinator within five business days of the Member Council reaching a decision.

In the event the Coordinator, upon receipt of the Neutral's evaluation, believes that a HGPII GPO member has failed in a material and serious degree to observe the HGPII Principles, or has engaged in conduct materially and seriously prejudicial to the interest of HGPII, the Coordinator shall review and discuss such complaints with the GPO and shall take such action as the Coordinator deems necessary and prudent pursuant to the By-Laws of the HGPII.

No party shall have any obligation to amend or otherwise change policies or practices in response to recommendations made by the Neutral. However, parties are encouraged to consider such recommendations in the context of industry best practices, reasonable business practices, and GPO member needs and input.

Retaliation against any Vendor who, in good faith, requests review pursuant to a GPO Grievance Process or the HGPII Evaluation is prohibited. Concerns regarding retaliation should be brought to the attention of the Coordinator. (Contact information is set out below.)

FEES AND EXPENSES

A non-refundable case set-up fee per party is charged by AAA. In addition, a non-refundable case set-up fee per party is charged by HGPII. In addition to the case set-up fees, the Neutral shall charge, at his or her published rate, for conference, review and study time, as well as for expenses. The Neutral may assess all charges to one party or divide the obligation for the Neutral's charges between the parties based on the Neutral's evaluation of culpability. Each party is responsible for its own costs, including legal fees, incurred in connection with the HGPII Evaluation.

Before the commencement of the HGPII Evaluation, AAA shall estimate anticipated total cost and each party shall be required to pay its portion of the case set-up fees and an amount equal to the Neutral's estimated charges prior to the HGPII Evaluation. When the HGPII Evaluation is concluded, AAA shall render an accounting in accordance with the assessment of fees as determined by the Neutral and shall return any unexpended balance to the applicable party. In the event a party is determined to owe more in fees than has previously been paid to AAA, such party shall pay the difference to AAA within 5 business days of receipt of notification of fees due.

ANNUAL REPORT OF HGPII EVALUATION

The Coordinator shall set out in HGPII's annual report a summary report including the number of HGPII Evaluation requests received, the number of evaluations conducted and the number of requests which were denied as a result of disqualifying factors. The Coordinator may, in his/her discretion provide general information regarding types of complaints, however, any such information shall be blinded as to the names of the parties and as to any information that might otherwise identify any party to a HGPII Evaluation.

Each HGPII GPO shall provide information regarding its GPO Grievance Process, as well as information regarding its participation in and outcomes of any HGPII Evaluations in its responses to the HGPII Annual Public Accountability Questionnaire.

NOTICES

All notices and other communications to any party hereunder shall be in writing and shall be given to such party at its address set forth on the signature page hereof. Each such notice or other communication shall be effective if given (i) by mail, 48 hours after such communication is deposited in the mail with first class postage prepaid, (ii) by nationally recognized overnight courier, 24 hours after sending, or (iii) by any other means when delivered.

DEFINITIONS:

"AAA" means the American Arbitration Association.

"Coordinator" means the Initiative Coordinator of HGPII.

"GPO" means a healthcare group purchasing organization.

"GPO Contract Process" means the contracting process utilized by an individual GPO (i) to competitively solicit proposals from and award contracts to Vendors or (ii) to evaluate New Technology submissions from and award New Technology contracts to Vendors.

"GPO Grievance Process" means the published process established by a GPO to review a Vendor complaint.

"HGPII" means the Healthcare Group Purchasing Industry Initiative.

"HGPII Evaluation" means the HGPII Vendor Request for Independent Evaluation.

"HGPII Principles" means the principles established by HGPII that underscore the healthcare group purchasing industry's commitment to use ethical business practices to help healthcare providers provide quality patient care at the most manageable cost.

"Member" means a healthcare provider that is a member of client of a GPO.

"Member Council" means a group or committee comprised of GPO Members that is responsible for clinical review, award determination and, where applicable, final review of the HGPII Evaluation.

"Neutral" means an independent third-party reviewer as determined by AAA.

"New Technology" means the definition set out in an individual GPO's New Technology Process.

"New Technology Process" means the process by which an individual GPO evaluates and awards contracts for New Technology.

"RFP" or "Request for Proposal" means an invitation to submit a proposal/bid issued by a GPO pursuant to a GPO Contract Process.

"Vendor" means a supplier that seeks a contract award from a GPO pursuant to a RFP or through a New Technology Process.

1. For more information about AAA, see www.adr.org.

APPENDIX J

BIOGRAPHIES OF THE HGPII ETHICISTS

John Hasnas, JD/LLM, Associate Professor of Business at the McDonough School of Business at Georgetown University

John Hasnas is a professor of business at Georgetown's McDonough School of Business, a professor of law (by courtesy) at Georgetown University Law Center and the executive director of the Georgetown Institute for the Study of Markets and Ethics. Professor Hasnas has held previous appointments as associate professor of law at George Mason University School of Law, visiting associate professor of law at Duke University School of Law and the Washington College of Law at American University, and Law and Humanities Fellow at Temple University School of Law. Professor Hasnas has also been a visiting scholar at the Kennedy Institute of Ethics in Washington, DC and the Social Philosophy and Policy Center in Bowling Green, Ohio. He received his B.A. in Philosophy from Lafayette College, his J.D. and Ph.D. in Legal Philosophy from Duke University, and his LL.M. in Legal Education from Temple Law School.



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Jacqueline E. Brevard is Senior Advisor at GEC Risk Advisory LLC, the global governance, risk, integrity, reputation and crisis advisory firm (www.GECRisk.com) serving executives, boards, investors and advisors in diverse sectors, growth stages and industries, primarily in the Americas, Europe and Africa. Client assignments range from strategic to tactical, including enterprise and specific risk assessments, crisis planning, integrity program development, codes of conduct, and customized education from the boardroom to the shop floor.

She is a Program Director for The Conference Board, a member of the Adjunct Faculty at New York University, and a member of the Faculty at the Ethics and Compliance Initiative, specializing in innovative risk management techniques. She is an Ethisphere 2009 *100 Most Influential People in Business Ethics*.

Ms. Brevard, the former Vice President, Chief Ethics and Compliance Officer of Merck & Co., Inc., is the pioneer and visionary who developed and successfully implemented the first comprehensive Global Ethics and Compliance Program for a top-tier global pharmaceutical company, driving Merck & Co. to a leadership position in organizational ethics and compliance and setting the standard that others would follow years later. She has more than 20 years of experience in the

corporate ethics and compliance field, as Merck's Ethics and Compliance Program and Ombudsman Program were consolidated under Ms. Brevard who reported regularly to Merck's Executive Committee and the Board. Ms. Brevard also has more than 15 years of experience as an international transactional attorney having completed projects, during her tenure at Merck, in Latin America, Asia-Pacific, Central and Eastern Europe, the Middle East and Africa.

She is Chair of the Board of the International Business Ethics Institute, a member of the Advisory Board of the Institute for Ethical Leadership at Rutgers University, and a member of the Advisory Board of the Healthcare Group Purchasing Industry Initiative (HGPII).

Ms. Brevard has also served on the Board of Directors of the Ethics and Compliance Initiative, and is Vice Chair *Emeritus* of the organization. She is a Founding Fellow of the Ethics Research Center's Fellows Program, where she served as its Chair. Ms. Brevard is a published author and a frequent speaker at many distinguished conferences and universities, including ECI conferences, Compliance Week, Practicing Law Institute, the Pharmaceutical Regulatory and Compliance Congress, the Corporate Executive Board's CELC, Institute for Ethical Leadership at Rutgers University, NYU, Georgetown University and Columbia University.

Ms. Brevard received a J.D. from Rutgers University School of Law and an LLM in International Law from New York University School of Law.

Anne Nobles, JD – Chair, IU Health Foundation

Anne retired in 2012 from Eli Lilly and Company, where she worked for over 22 years in a variety of senior leadership roles throughout the company. Most recently, she served as Senior Vice President for Enterprise Risk Management and Chief Ethics and Compliance Officer. While at Lilly, Anne served as vice chair of the board of directors of the Ethics and Compliance Officers Association. In 2012, she recommended to PhRMA, the pharmaceutical industry's trade association, that it provide a forum to discuss the industry's compliance expectations. PhRMA did so and asked Anne to chair this first Chief Compliance Officers Working Group.

Since retirement, Anne has lectured on ethics at business schools across the country and served as a consultant on education issues. She has been a member of the Indianapolis City-County Ethics Commission since 2016, as an appointee of Mayor Joe Hogsett.

Anne has been a member of the board of directors of Indiana University Health since 2011. IU Health is a nationally recognized comprehensive health system comprised of hospitals, physicians and allied services and a unique partnership with IU School of Medicine. From 2014-2018, Anne served as chair of the board of directors.

Since 2000, Anne has served first as a trustee and later as a director of Citizens Energy Group, a public charitable trust providing water, wastewater, natural gas, steam and chilled water utilities to customers in Indianapolis. She has been vice chair of the board since 2012 and was elected chair for a term beginning in January, 2020.

Anne has volunteered extensively for community organizations beginning in 1991 and continuing to the present. Today, she chairs the IU Health Foundation and serves as co-chair of the Indianapolis Prize for Conservation, the largest such prize in the world. She has served as a trustee of The Indiana Chapter of The Nature Conservancy since 2013. She completed a two-year term as chair in 2019.

Anne has dedicated significant time to her church, Second Presbyterian in Indianapolis, where she is serving a three-year term as an elder beginning in 2018. She was elected by the 3500-member congregation as one of twelve members to serve on the pastor nominating committee which spent more than a year reviewing candidates and then selecting the senior pastor for the church. Today, she is involved in the congregation's strategic planning efforts.

Anne graduated from Harvard College *summa cum laude* an A.B. in Anthropology, with a focus on Archaeology. She earned a A.M. from Harvard's Graduate School of Arts and Sciences in Anthropology with a focus on Archaeology. She graduated from Georgetown University Law School *magna cum laude* and served on the Georgetown Law Journal for two years and an editor of the Journal for one year.

Anne and her husband David Johnson live in Indianapolis and have one daughter Catherine.