

2021 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2021.

Please return your response to jeri.freirich@arentfox.com no later than

June 3, 2021.

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 entity(ies) that control the majority of voting interests in your GPO;
Response: HPS Membership serving on the Board of Managers and the Advisory Committees.
 - The types of equity holders of your GPO (e.g., publicly-held company, healthcare providers, individuals, for-profit and/or not-for-profit entities)
Response: not-for-profit members
 - The corporate form of your GPO and/or its parent or affiliated companies – such as corporation, partnership, limited liability company, co-op;
Response: Limited Liability Company
 - Whether the GPO is organized as a for-profit or not-for-profit organization; and
Response: HPS, LLC is a LLC owned by not-for-profit members.
 - Location of corporate headquarters.
Response: 3275 N M-37 Highway, Middleville, MI 49333

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;
Response: HPS Board of Managers consists of 16 seats.
 - Percentage of Board representing GPO customers;
Response: 100 percent, this is a requirement.
 - Percentage of Board that are employees of the GPO; and
Response: One, HPS President and CEO. This is the only staff allowed by Board/LLC Management Operating Policy to serve on the Board of Managers.

- Percentage of Board members also serving as employees, officers, or directors of a participating vendor.

Response: None. This is prohibited by the “HPS Code of Conduct for Business, Ethics, and Contracting” and specifically the “Conflict of Interest” statement all Board members must sign prior to serving.

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).

Response: HPS does not have any physicians as equity holders of our GPO.

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.

Response: Yes, refer to our Code of Conduct for Business, Ethics, and Contracting. All employees, executives, advisory committee members, and members of the HPS Board of Managers are required to sign a conflict of interest statement every year. Any new employees and or Board/Committee members are required to sign the conflict of interest policy prior to service.

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).

Response: The conflict of interest policy also addresses any equity investments in or with participating vendors. Each member of the HPS Board of Managers and Advisory Committees will be required to sign a conflict of interest statement, and disclose any positions of Individual Equity Interest to HPS for further action, if required. HPS employees do not serve on any Board for suppliers or services that HPS provides to its membership (attested to in the Conflict of Interest that all staff, committee and board members sign annually). Gifts from the vendor community are forbidden, but during the holiday season certain perishables do arrive unsolicited. HPS distributes the products to our local food bank or a local charity designated by the majority of the staff. Certain business is conducted in conjunction with meals. The HPS standard is that we pay for the “HPS” portion of the meal, or rotate in payment of the total bill. HPS staff does not accept entertainment.

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]

Response: HPS does not offer services or have other lines of business outside the group purchasing activities.

OTHER LINES OF BUSINESS

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

Response: HPS does not conduct any business activities outside of the GPO practice. HPS is the parent corporation.

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?

Response: Not applicable - HPS does not conduct any business activities outside of the GPO practice.

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?

Response: HPS does not receive sponsorship funds, grants for research or other educational programs, or any other source of non-administrative fee revenue from vendors.

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

Response: In 2020, HPS did not host an annual membership conference and vendor trade show.

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)).

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.).

Response: HPS does not provide any services to the vendor community.

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.

Response: Yes, HPS makes annual disclosures of administrative fees received from vendors for contracting activities with respect to the member's purchase of products and services. See the example included with this response. The majority of HPS' operational funding (80%+) comes from membership dues. HPS notifies all eligible members of the fees collected in accordance with 42 CFR 1101.952(j).

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.

Response: No

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

Response: HPS does require a member to be in good standing prior to payment of Board directed administrative fees.

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?

Response: No, HPS does not pay fees to members upon the signing or renewal of the membership with the GPO. The administrative fee shareback is based on the participation in the contracted programs. Therefore, there would be no accumulated administrative fees for a new member.

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.

Response: HPS will advertise Request for Proposals/contract solicitations on the Bidnet website and here, on this page of the HPS website <https://hpsgpo.com/vendors/contract-advertising-policy>

HPS currently has 10 different advisory committees. Because HPS is owned and operated by its members, these committees are a very important aspect of our group purchasing program. The committees have final say on all vendor applications and RFPs. Each of the HPS advisory committees meet approximately three to four times per year at either the HPS office, a member facility or via a conference call.

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.

Response: HPS Advisory committees will request and receive multiple RFPs at times. The committee may decide to award a sole source or multiple agreements based on RFP responses. Scoring sheets must be used when there is more than one vendor response. The scoring sheets should be scored based on the weighted criteria established within the RFP. For the Price section HPS uses a formula to determine the amount of points to award each Vendor, the formula is below:

$$\text{Total Point of Price Section} = \frac{\text{Low Bid Total}}{\text{Bid Being Evaluated}}$$

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.

Response: The HPS Advisory Committees consider all options single, sole, dual and multi-source awards depending on the product category and number of responses received.

For example: The HPS Advisory Committees have decided to award the office supply category as a sole source award. On the other hand the milk and dairy contract is a multi-source award according to geographic availability.

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?

Response: No

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.

Response: Not applicable – HPS does not provide contracts in this category.

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.

Response: HPS abides by the Federal Regulatory Safe Harbor provisions of less than 3 percent of purchases.

22. Describe the conditions in which the GPO accepts administrative fees beyond 3 percent, requiring specific (not blanket) disclosure under the Federal Regulatory Safe Harbor provisions?

Response: HPS does not accept administrative fees beyond 3 percent.

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.

Response: HPS accepts administrative fees ranging between zero to three 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.

Response: HPS does not have a private label program.

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

Response: HPS does not have 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.

Response: The following statement is included in all HPS RFPs: Appeals. Any appeal regarding the selection of the Awarded Vendor must be made to HPS in writing and must fully identify any contested issues. If a responding vendor desires to appeal such award, it must first provide a written notice to HPS, at the HPS address, no later than five (5) working days after HPS issues its notice of intent to award. The actual appeal is due at the same address no later than five (5) working days after the date the notice of intent to appeal is received by the HPS. The appropriate HPS Advisory Committee will receive the appeal and render a final decision.

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.

Response: None have contacted HPS directly or via HGPII or HSCA.

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

Response: Yes, HPS has participated in HGPII 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.

Response: On the HPS website, HPS highlights our participation and support of HGPII.
<https://hpsgpo.com/about/partnerships>

INNOVATION

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

Response: On the HPS website, HPS has a page dedicated to "How to Become an HPS Vendor" and the application link on-line. <https://hpsgpo.com/vendors/how-to-become-an-hps-vendor>

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.

Response: Yes, all vendor applications submitted to HPS are forwarded to the appropriate Advisory Committee for review and consideration. Should the HPS Advisory Committee have a contract in place for the particular product proposed, the committee would decide to add the vendor to the bid list for the existing category or if truly, new product and new technology, the committee has the option to send out an RFP for the new product and/or technology.

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

Response: Yes, HPS members are allowed to evaluate products and/or communicate with vendors, regardless of whether a vendor has a contract with the HPS.

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

Response: Yes, HPS members are 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.

Response: The HPS RFP addresses Small/Minority/Women's/Labor Surplus Area Businesses accordingly:

Small/Minority/Women's/Labor Surplus Area Businesses. Awarded Vendor must take all necessary affirmative steps to assure that minority businesses, women's businesses enterprises, and labor surplus area firms are used when possible. Affirmative steps must include: (a) Placing qualified small and minority businesses and women's business enterprises on solicitation lists; (b) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources; (c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises; (d) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; and (e) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

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).

Response: HPS does not currently track statistics on Diverse Vendor category.

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?

Response: HPS does not currently have a Vendor Diversity Committee.

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?

Response: N/A

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

Response: N/A

ENVIRONMENTALLY-PREFERRED PRODUCTS AND SERVICES

39. Have members of your GPO expressed a preference for environmentally-preferred products and services?

Response: Members have an interest in the products but there are many criteria that factor into their purchasing decisions therefore, “preference” would not be the term in relationship to their purchase patterns relative to environmentally-preferred products.

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.

Response: HPS works with all vendors to educate our Members on understanding the environmentally-preferred product offering. Some examples include Essity for paper supplies, Nestle Water for plastic bottles and Staples for paper and office supplies.

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?

Response: The biggest challenge is balancing the increased cost and attaining the commitment from the Membership to using the higher environmentally-preferred priced items. We respond through continuous education and partnerships with the vendor community to help Members understand the benefits that outweigh the costs of the products.

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?

Response: No not at this time.

43. Please describe your organization’s role in educating, advising, and supporting the adoption of Environmentally Preferred Purchasing among your members, including the availability of websites, catalogues, toolkits, or webinars?

Response: HPS partners with our suppliers to promote their availability of websites, catalogues, toolkits and webinars in order to educate, advise and support the adoption of Environmentally Preferred Purchasing.

CODE OF CONDUCT

45. 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.

Response: The HPS Code of Conduct for Business, Ethics, and Contracting is available on the public HPS Web site, www.hpsgpo.com. No changes have been made from the previous HGPII reporting year. <https://hpsgpo.com/about/ethics>

46. 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.

Response: Yes, upon employment with HPS each employee signs the conflict of interest and equity statements. HPS reviews the Code with employees prior to signing the conflict of interest and equity statements. In addition, each year at an all staff meeting the HPS Corporate Compliance Officer reviews a presentation on the HPS Code of Conduct with the entire staff. Following the presentation, each staff member is asked to sign the conflict of interest and equity statements. The Board of Managers and Advisory Committees are presented the conflict of interest and equity statements and asked to sign a copy each year.

47. 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.

Response: The President/CEO – If the employee or business partner does not feel comfortable reporting to the manager it may be brought directly to the president/CEO of HPS. Compliance Officer – If the employee or business partner does not feel comfortable in bringing the issue to the HPS president/CEO, then the reporting should go to the Compliance Officer. The Compliance Officer has full authority to take the matter directly to the HPS Board of Managers. The HPS Hotline email – If the employee or business partner desires anonymity, they may utilize the HPS Hotline form available, <https://hpsgpo.com/about/ethics>. The complaint or concern then comes directly to the Compliance Officer with complete confidentiality.

REPORTING POTENTIAL ETHICAL VIOLATIONS

48. 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?

Response: The HPS Hotline e-mail is a secure blind line. The choice of the sender to identify themselves is their option; it is completely blind to the Compliance Officer on the senders' identity.

49. 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.

Response: HPS encourages all who deal with HPS to communicate directly and honestly about compliance issues or questions. HPS believes that honest communication is the responsibility of all involved in dealing with the HPS business process. Questions concerning legal, compliance, or ethical matters need to be brought forward and addressed. To date, HPS has not received a complaint filed via the e-mail or any other method.

50. 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.

Response: HPS makes all attempts to remain up-to-date on laws, regulations and guidelines by attending trade specific activities and monitoring appropriate trade publications. HPS maintains a system of internal controls to prevent, detect, and deter fraudulent behavior. HPS does not tolerate fraudulent behavior which includes the act or intent to cheat, trick, steal, deceive, or lie, and intentional acts of fraud are subject to disciplinary action, up to and including termination.

51. 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.

Response: HPS reviews in detail the HPS code with the Board of Managers annually prior to the individual Board members signing the conflict of interest and equity statement. HPS staff reports at appropriate meetings their involvement in the HGPII and actions taking place in the market that impact the industry.

52. How many of your GPO employees attended the most recent Best Practices Forum? Include the name of the most senior executive who attended.

Response: HPS's entire leadership team attended the 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 Forum including our President and CEO. We attend the virtual

Forum September 2020. Our staff were very impressed with the content and format even though it was held virtually.

53. 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.

Response: Thomas J. LaPres, President and CEO HPS, tlapres@hpsgpo.com and Michelle Pleiness, Vice President of Member Development and Customer Relations, HPS Compliance Officer, mpleiness@hpsgpo.com. HPS Office: 269-795-3308.

COVID-19 Response

54. With the onset of the COVID-19 pandemic many healthcare providers experienced shortages of critical supplies and equipment due to disruptions in the supply chain. In response, how did your organization assist its members in assessing the quality and reliability of supplies? Specifically, what role did your organization play in vetting new and previously unknown supply chain sources, especially within the so-called Grey Market?

Response: HPS adopted the policies and procedures as outlined by the Association for Health Care Resource & Materials Management (AHRMM) of the American Hospital Association:

HPS Vetting Process for Covid 19 Solicitors

Executive Overview:

When your organization is evaluating (vetting) solicitors of crucial healthcare supplies (ex. N95 masks, PPE's). You are quickly trying to separate potential "scam" artists from viable suppliers that have supplies that are available for delivery to your organization.

While the normal vetting process requires a significant amount of time and documentation, including reference checking, we have tried to streamline the major steps, to quickly determine if a solicitor is viable. The process below is not meant to be a rigid scientific process, it is a guideline for evaluating potential solicitors, as many factors may influence the final decision and you must be aware of potential scams.

Major steps:

- **Identify potential solicitor either proactively or reactively:**
 - Proactive – seek supplier through lead (contact that came from a trusted colleague, HPS Member or other, etc.)
 - Reactive – Supplier contacts you
- **Evaluate product/services:**
 - Initial vetting begins with an interview type call.
 - Many can be terminated for a variety of reasons during the call (red flags) which may include:
 - Unrealistic access to large supply inventory
 - Unrealistic minimum order
 - Unrealistic delivery times
 - Access to *alternative* product offerings
 - Access to product at unreasonably low or high prices
 - Demands of down payments
 - The use of gmail or other non-business email accounts
 - Discussion points should include

- Product
- Pricing
- Quantity
- Availability
- Current location
- Delivery logistics

- **Due Diligence:**
 - Request for documents that can prove legitimacy (W-9, Business Card, Website, etc.)
 - Reference Checking – obtain references, if possible
 - Evaluate references, if possible. Many will not be available.
 - Check Google maps to verify the business (a building) even exists

55. Please describe your organization 's role in advising and supporting federal and state policy makers in managing the healthcare supply chain during the pandemic, including cooperation with federal and state stockpiles?

Response: HPS partnered with the Michigan Health and Hospital Association to assist in sourcing supplies. Our leadership attended weekly calls to under the state of our local and state healthcare situation and be of assistance in every way possible.

56. As a response to pandemic related challenges and supply chain disruptions, what technology services and IT products did your organization provide to members and their patients? What information and best practices services did you provide to the public?

Response: HPS partnered with our vendor partners and hosted numerous webinars on best practices including food distribution, safety and sanitation, the global supply chain, and the vaccine distribution.