



Healthcare Group Purchasing Industry Initiative

Sixteenth Annual Report to the Public

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HGPII Coordinators

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I. Executive Summary

The healthcare supply chain is currently facing unprecedented challenges as it confronts a global pandemic. The compound challenges of extreme demand, unpredictable shortages and logistical crises has confronted healthcare providers, product suppliers and policy makers with dilemmas that require deep and permanent systemic change. This 16th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII) is uniquely timed and positioned to contribute to an assessment of the healthcare supply chain in crisis.

HGPII, since its inception, has released annually the most comprehensive and detailed review of business best practices in the healthcare group purchasing sector, based on a detailed annual survey of member group purchasing organizations (GPOs) that collectively represent most of the healthcare purchasing by American hospitals, nursing homes and independent medical practices. This report is compiled by the experienced team at Arent Fox LLP based on questionnaires, individual interviews and direct contact with leaders at participating GPOs. This report reflects the HGPII project findings and recommendations, based on the Initiative process, charter, and confirmation of the materials included on our website.

This year our report covers in greater detail the response of healthcare group purchasing organizations to the pandemic, with the benefit of additional information and experience. The evaluation that it provides reflects the commitment of participating organizations to self-regulation, even under extreme conditions. We have provided individual examples of how participating GPOs have managed their mission, balancing the tension between cost control, innovation, redundancy and stability, while maintaining a commitment to quality.

At the conclusion of our review, we have made the following determinations as reflected below:

1. Every organization has met its obligations under the HGPII Charter.
2. All members have fully participated in the HGPII process, cooperated in the review of their business practices, and attended the Annual HGPII Forum (held virtually this year because of conditions).
3. Each GPO has demonstrated a commitment to current best practices in contracting within the healthcare marketplace, utilizing world class standards that promote cost savings, quality of product, and availability for healthcare providers.

4. This year the GPO sector has expanded and institutionalized its pandemic response, including: vetting suppliers in the grey market; assisting policy makers with expertise and timely information; identifying and monitoring shortages of healthcare equipment and products; providing a clearinghouse for pandemic response and related technology to members; and offering training opportunities for healthcare personnel.
5. Every HGPII participant has reaffirmed its commitment to facilitate access to the latest healthcare technology, individually and through partnership with other contracting organizations.
6. The standards utilized by group purchasing organizations continue to facilitate product competition and choice, with exclusive contracts (single or sole source) remaining a rarity where multiple vendors are available.
7. All organizations have displayed a commitment to strong ethics compliance with active enforcement, with an internal culture that deters conflicts of interest by managers and employees.
8. All organizations have established diversity programming that promotes diverse ownership within the healthcare supply chain, and diverse leadership within the GPO Sector itself.
9. We continue to monitor and report significant progress in developing norms of sustainability for the healthcare supply chain, with widespread identification and promotion of environmentally preferred products. These benefit healthcare providers, as well as promote broader environmental objectives.
10. All HGPII members actively maintain independent vendor grievance processes, and offer the HGPII grievance service as a default opportunity.

This report will be posted in its entirety, with documentation and contact information on the HGPII website, in February 2022. The Healthcare Group Purchasing Industry Initiative will also publish periodic updates, recommendations and suggested best practices over the course of the year.

II. Findings:

Our findings directly augment last year's report, with the benefit of another year of experience with pandemic conditions, additional interviews and the full benefit of questionnaires covering the time frame of the COVID-19 crisis. We conclude that GPOs have made a major contribution to the pandemic response, but acknowledge that more changes need to be undertaken by policymakers to promote the resiliency of the healthcare supply chain in anticipation of future challenges. We recommend that group purchasing organizations be included as partners in developing these responses.

Pandemic Response

To date, healthcare group purchasing organizations continue to play a major role in responding to disruptions in the medical supply chain and related services, even as many of the most conspicuous challenges to healthcare providers have moderated. Although some shortages in critical products (personal protective equipment, therapies) are being addressed, others remain challenging. Our survey, because it is the most comprehensive of the healthcare supply chain, highlights how group purchasing organizations are important innovators in many of the issues that have been identified.

The contributions of GPOs led to the timely delivery of supplies, mitigated cost spikes, identified supply chain problems, and improved collaboration with public health strategies. We have outlined these items below:

Vetting Grey Market Sources

The HGPII signatory organizations that we interviewed leveraged their relationships, expertise, insights, and communications to respond to the urgent needs of healthcare providers to vet hundreds of new, largely unknown, suppliers of essential health products. GPO experts developed central command settings and regular online member meetings where they could communicate supplier status reports, distribute supply disruption notices, and identify product conservation strategies. This triage process allowed member group purchasing organizations to determine whether any of the thousands of leads evaluated during the earliest days of the COVID-19 pandemic were viable. More importantly, the ability of HGPII charter signees to

develop reliable networks for vetting offers from previously unknown manufacturers, including investigations in international settings, were essential. The HGPII members were able to assist hospitals and long-term care providers in their efforts to obtain PPE products, evaluating factors such as risk, supplier capacity and quality through the creation of trusted supplier validation processes and member education efforts. Member group purchasing organizations sifted through a massive number of independent leads and expert referrals to screen new sources. Despite the exponential rise in suppliers that were vetted by group purchasing organizations on behalf of members, only a very small number of entities could fulfill contracts and meet the needs of healthcare providers and American consumers. Finally, several organizations developed integrated networks overseas to better investigate new vendors on the ground and make independent assessments of their capacity and ability to meet the terms of contract obligations. These investigations were highly successful in identifying shell companies, and determining whether potential foreign suppliers met quality, regulatory, authenticity, and reliability requirements.

Supply Chain Resiliency

The interviewed member organizations pursued several strategies to promote resiliency in the healthcare supply chain. Some have contracted with suppliers to provide additional months of inventory for essential products including medicine. Others have partnered with validated suppliers to ensure expanded capacity of vital supplies including personal protective equipment. We also witnessed instances of group purchasing organizations investing capital in suppliers to create or expand personal protective equipment manufacturing lines. Taken in totality, these efforts helped to expand capacity for several essential products and address concerns about the healthcare supply chain during future shortages.

Several GPOs have responded to concerns regarding supply chain resiliency by investing in early warning systems to predict future shortfalls of needed supplies. These investments in information technology and infrastructure have enabled clinical healthcare providers to create COVID-19 specific alerts about supplies, allowing them to adjust patient therapies according to available products and demand surges, make direct capital investments in manufacturing concerns, and partner with established suppliers to promote expanded capacity for critical

products like PPE. GPOs also continue to lend their expertise to leaders at federal agencies, including the National Institutes of Health and Centers for Disease Control, to help educate decision makers with real-time intelligence about supply availability. Finally, a number of group purchasing organizations participated in the COVID-19 Private Sector Supply Chain Coalition, which coordinated a private sector supply chain response to COVID-19 challenges. It served as a single point of coordination to share non-competitive, non-pricing information and best practices with the government. Throughout 2020, the Coalition promoted public and private sector cooperation, quickly provided answers to hospitals and healthcare providers, and developed strategies to efficiently managed supply and distribution of supplies. The Coalition shifted to a standing organization run by Healthcare Ready at the end of 2020.

Procedural Streamlining

HGPII members continue to adapt their policies and procedures to the demands of operating during the challenges of COVID-19. On an as-needed basis, GPOs were brought new suppliers to contract with on an expedited basis. These approvals were often done upon the review and confirmation of members, ensuring that demands to quickly bring new products into their portfolios aligned with product allocations and member demands.

Drug Information

Group purchasing organizations remain strategically positioned in the healthcare marketplace, giving them deep insight into the dynamics of prescription drug shortages that occurred during the early months of the pandemic. GPOs provided guidance about providing pharmacy services in field hospitals, including medication safety and logistics. Many also provided information about COVID-19 pharmacotherapies and various therapeutics to manage COVID-19 or brought additional sources of supply to market. For example Vizient provided healthcare providers with information about the proposed treatments for COVID-19 and the possibility of thrombotic events that could occur as a result. Additionally, Premier in partnership with Exela Pharma Sciences was able to bring to market two critical medications, fentanyl and midazolam, used in the treatment of Covid patients within two weeks after

monitoring the declining ability of hospitals being able to receive these medications from the original suppliers.

Sorting and Distributing Information

A key role of numerous group purchasing organizations has been to maximize their supply chain expertise, collaborate with government, as well as sort through the millions of pandemic-related data points and function as an information clearinghouse for members. Example: Premier provided data to the Trump Administration about surge product demand, clinical utilization and barriers to providing care, and the best ways to improve healthcare delivery during the early months of COVID-19. This collaboration and emphasis on data sharing led to the creation of numerous waivers, regulatory flexibilities, and guidance that helped prevent infections, avoid unnecessary hospitalizations, and increase the availability of PPE and medical supplies. Others used their websites to create data and infographics covering various aspects of COVID-19 care, while informing members about supply availability.

Information Technology Innovations

Group purchasing organizations play a critical role in developing online applications and innovative software that encourage the development of healthcare technology and foster better management of pandemic related challenges. These adaptations have benefitted physicians, healthcare providers and patients alike, allowing for new vendors to bring innovative products to market. Some examples:

- Vizient launched the PPE Conservation Impact Calculator, allowing hospitals to quantify the impact of various PPE conservation approaches by using patient volume and staffing formulas impacting PPE use.
- In April 2020, Premier developed a predictive technology that anticipates COVID-19 case inflections and tracks the surges to supply limitations. This monitoring technology leverages electronic health records from 200,000 healthcare providers associated with over 400 hospitals, enabling the organization to forecast surges and help providers plan coordinated, strategic responses to outbreaks.

Federal/State Partnerships

Healthcare GPOs were engaged during the crisis in providing federal and state authorities with data and expertise that informed policy decisions. A number of GPOs worked alongside the White House Coronavirus Task Force, and leaders at FEMA and the Centers for Medicare and Medicaid Services (CMS) to provide detailed recommendations to avoid shortages. Vizient worked with the Food and Drug Administration to provide weekly insights into the supply chain, price spikes, gray market suppliers, and supply and demand trends. Premier worked with Congressional policymakers to pursue reforms to address supply chain issues and address challenges with the Strategic National Stockpile. HealthTrust participated in several ad hoc and public-private coalitions to gather supply chain data and identify strategies to address product shortages. Key industry executives took an active voluntary role in advising FEMA and the CDC in responding to supply chain developments; some also testified before Congress.

Guidance For Member Organizations

HGPII organizations provided guidance and roadmaps for their member providers, creating educational opportunities that evolved as the COVID-19 pandemic continued. HealthTrust published more than 150 pandemic-related clinical resource documents to its public website, while its quarterly magazine (*The Source*) and online content hub featured a number of articles highlighting the organization and member responses to COVID throughout the pandemic.

In collaboration with their membership, several GPOs created guidance documents related to conservation protocols for supplies that helped ensure proper utilization of PPE among various healthcare entities across the country. Vizient hosted weekly webinars, and other GPOs provided near real-time sharing of emerging practices, lessons learned, and solutions available to them. In addition, these were posted on the public website along with other resources including white papers to assist with pandemic response.

Finally, we are updating our findings of key issues identified in previous HGPII Annual Reports, based on additional insight and recent interviews with HGPII members. These findings are supported in detail by the HGPII Member Questionnaire responses posted on the HGPII website.

Innovation

Our interviews reaffirm the prior conclusion that HGPII signatory organizations conform to best practices in screening and entering promptly under contract new and innovative healthcare products and services. Each HGPII GPO uses a customized internal process that evaluates emerging technologies and healthcare products using the expertise of its membership. Several organizations host innovation expositions that allow providers and breakthrough suppliers to collaborate and showcase their products and services.

Our research has highlighted the following examples of successful innovation policies among healthcare GPO networks:

- Intalere, at its discretion, determines if a product is truly niche or emerging. Products meeting this definition must meet several criteria including carrying certain federal approvals, recognition of Intalere membership, and adequate capabilities for production. Suppliers are encouraged to complete the Innovative of New Technology Questionnaire to showcase their product at the annual Emerging Technology Tradeshow.
- Capstone reviews supplier applications on a bi-monthly basis through its contracting team. Products and services that are found to have value to members are presented to various working groups that exist. All suppliers that wish to present their products to Capstone's members go through this review by the contracting team – allowing a single and proven process for promoting innovation.

- Premier has run their Technology Breakthroughs program since 1997 to provide members with new and innovative technologies being introduced by vendors. As a part of their group purchasing agreement, the contract contains a technology breakthrough clause that promotes and supports the review of innovative products that drive high-quality, cost-effective care.
- Vizient's Innovative Technology Program offers the opportunity for year-round evaluation of new innovations through their Innovative Technology Submission website. If it is determined that the solution offers benefits to members, a contract will be awarded – even if the new technology is awarded outside of the normal contracting cycle. Vizient also seeks input from members on potential innovations and engages with suggested vendors when deemed appropriate. Vizient launched 283 new innovative technology contracts in 2020.

In review of these and other findings, we are restating our position that healthcare group purchasing organizations do not constitute a barrier to innovation in the healthcare system; to the contrary, the information that we have reviewed suggests that GPO networks provide critical support for the promotion of new services and technologies within the healthcare marketplace, and are especially beneficial to startups and small suppliers.

Single Source Contracts

As in prior reports, we have found that multisource contracts remain the industry preference where products or services are available from multiple vendors that are able to conform to standards. Single or sole source contracts represent very few current GPO offerings, and a very small percentage of GPO sales. Most of the examples of single source GPO contracts represent products for which there is no generic equivalent or, for which there is no competing vendor. Among those GPOs that permit single source contracts in other situations, contracting decisions are the result of express client preferences and needs. Members reserve opportunities to

utilize additional suppliers in all categories, including single source contracts, based upon the opportunities presented to them. HGPII members may be awarded in limited circumstances where a proprietary technology is the only available contracting option. Our team has encountered no evidence that single source contracts have been abused or employed in a manner not consistent with best practices.

Conflicts of Interest

Our interviews repeatedly confirm that all HGPII signatories have active conflict of interest policies and procedures in place, and remain in compliance with their obligations as members to monitor and prevent potential conflicts as they would apply to HGPII member officers, employees and suppliers. These specific policies, which are designed to prevent conflicts of interest, are outlined in the members' responses published in their HGPII questionnaires.

HGPII signatories are under specific obligations, and must undertake several activities, to avoid conflicts of interest. These actions include maintenance of an internal process that supports compliance and verification, as well as regular conflict of interest training for key personnel regarding these policies. This is a central feature of the HGPII process, and is intended to promote a culture of ethics within each member organization.

Every organization has met its deadlines and commitments regarding monitoring conflicts of interest, including maintaining an internal structure by which conflicts of interest and other violations of policy can be reported anonymously and investigated.

III. The Role of HGPII and its Mission

In 2005, nine of the nation's foremost group purchasing organizations (GPOs) organized in service of the majority of the nation's hospitals to found HGPII as an entity to monitor, promote and develop best ethical and business practices throughout the healthcare supply chain industry. Today, the organization is leading the effort to educate health care providers, consumers and policy makers about the integrity and importance of the industry.

This year's sixteenth annual report reflects how member companies institute the six core principles that are cornerstone of the HGPII charter. Each member company has submitted an updated response to the annual public accountability questionnaire, which is publicly available on the HGPII website and summarized in this year's annual report. By publicizing this year's annual report, which reflects the foundational principles and the six core principles that the HGPII charter members agreed upon, the health care group purchasing industry ensure that policymakers and the public have access to information about the industry's devotion to best practices, the promotion of innovation, and a robust healthcare supply chain.

Like prior editions of the annual report that have been published, this year's annual report ensures that group purchasing organizations can foster public awareness, understanding, accessibility, and help promote confidence among the public, and the government, about the integrity of the healthcare supply chain and group purchasing organizations. In line with the previous editions and our prior reporting, we can conclude that current practices among member organizations, that have been questioned about their contracts and business practices within the healthcare supply chain, are consistent with the standards promoted and established within the by HGPII.

HGPII is based in the District of Columbia and hosted by Arent Fox LLP. The organization is led by former U.S. Representative, Phil English, who serves as the National Coordinator and former U.S. Senator, Byron Dorgan, who serves as the Co-Coordinator. Oliver Spurgeon III serves as the HGPII Annual Forum Program Director.

In order to track the companies' obedience to, and implementation of, HGPII's six core principles of ethics and business compliance, the Annual Public Accountability Report is issued. Every member of HGPII is mandated to complete the Annual Public Accountability Questionnaire, which highlights business practice among group purchasing organizations. The Annual Public Accountability Questionnaire also allows companies to disclose policies and activities that showcase their commitments to best practices and high ethical standards. Each year, the member company responses are posted on the HGPII website, along with an overview of member company responses in the Annual Public Accountability Report. With the release of the Annual Public Accountability Report, HGPII members publicize the internal policies and practices of companies throughout the group purchasing industry and showcase their adherence to the aforementioned six core principles. This repeated commitment to transparency and

disclosure also ensures that the public, policymakers, and leadership throughout the health care supply chain can assess the adequacy of HPPII members' commitment to the highest ethical standards and best business practices. Each year, after the annual Public Accountability Report is released, every member of HGPII participates in the Annual Best Practices Forum, which allows attendees to share information and best practices with policymakers and stakeholders from across the healthcare industry. The Annual Best Practices Forum has traditionally been an in-person gathering; however, the Forum was held virtually for the second time on July 22, 2021, due to the continuing need to prioritize public health and prevent the spread of COVID-19.

In the following pages, readers will find a high-level overview and analysis of the primary practices of group purchasing organizations throughout the healthcare supply chain.

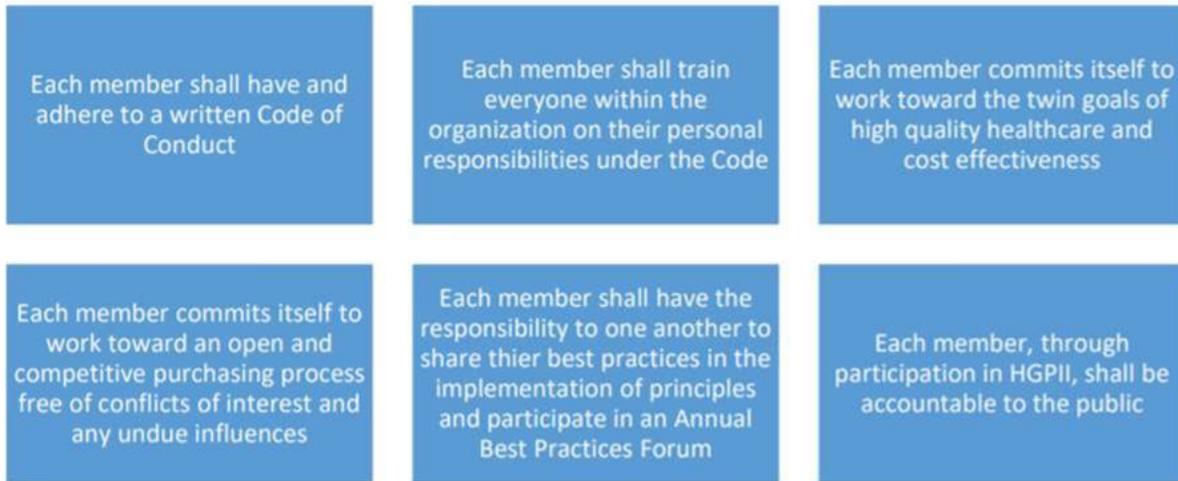
IV. Methodology

The Sixteenth Annual Public Accountability Report is the result of the information and responses submitted by HGPII members during their completion of the Annual Public Accountability Questionnaire in 2021. The report is the culmination of a comprehensive survey detailing best practices, compliance efforts, operational standards, and ethical standards among group purchasing organizations. With each version of the survey, the questions posed, and the responses received, are updated to allow HGPII to better understand the latest innovations, challenges and successes among member companies. Upon the completion and submission of the survey, the HGPII team conducts follow-up calls with each organization surveyed. This follow-up process allows the HGPII team, and organizational leadership, to discuss in detail answers submitted by member companies about their business structure, conflict of interest policies and views on other healthcare supply chain issues. These discussions also provide survey respondents with a chance to emphasize certain points of interest and provide additional details than were included in their written survey response. Traditionally, two member companies are selected for site visits by the HGPII Coordinators. These visits serve as another opportunity to engage with company leadership, review important documents and procedures, and assess the companies' commitment to promoting the highest ethical standards and best practices. Due to the persistence of COVID-19, site visits were cancelled again this year along with other planned in-person interactions with HGPII members.

In order to provide policymakers and the public the highest level of clarity and usefulness from this year's survey, the HGPII team utilized the following processes and procedures to accomplish the project:

1. Every HGPII member receives a detailed questionnaire that consists of more than fifty questions requiring comprehensive answers about of the organization's standards, business practices, employee activities, and enforcement of HGPII principles.
2. After the questionnaires are received, the HGPII Coordinators and policy team review the responses and match responses with referenced policies.
3. The questionnaire responses remain available for review by each respondent and allow peer review by other HGPII members.
4. Each HGPII member participates in a follow-up interview with its leadership team and the HGPII Coordinators that is conducted by telephone or virtual meeting software to review and provide verification of elements of the questionnaires.
5. Participating organizations may submit additional material to clarify and update their questionnaire responses that may result from inquiries posed 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.hgpii.com.
7. As part of a mandatory Annual Best Practices Forum, the HGPII Questionnaires are reviewed every year. All HGPII members discuss important elements of the questionnaire, implications, and improvements for the healthcare industry at large.
8. Each HGPII member is given an opportunity to review a draft copy of the Annual Report in advance of its release to the public. This allows members to provide any additional clarification or share needed 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:



Participating companies are expected to update their policies and practices as needed to answer the questions in the Annual Public Accountability Questionnaire and to provide adequate documentation that permit the HGPII Coordinators to determine responses to the questionnaire are fairly given. It is expected that participation in HGPII is 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 from HGPII 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

After review, follow-up, interviews, and consultation with HGPII members following their responses to the Public Accountability Survey, we found that member GPOs continue to meet the highest ethical standards and business practices. This continues the longstanding trend of HGPII members promoting and instituting best practices that foster growth, transparency and innovation. As the spread of COVID-19 persists, HGPII charter signatories continue to provide the best financial value for member GPOs despite the challenges. Our analysis found that members of HGPII continue to meet these lofty goals due to the maintenance of several established policies that reinforce the integrity of their business models. Several of these standards are itemized in the list below:

Activities that Support the Adoption of the Highest Ethical Standards

- Business Structure and Conflicts of Interests: HGPII members continue to preserve a clear line of delineation in their ownership structures, including any parent or affiliated companies. HGPII members remain committing to reducing potential opportunities for a conflict of interest. Many members have a Board of Directors or another governing body that includes

an individual who represents the interests of GPO customers and employees. It's extremely rare that a Board member also serves as employee, officer, or director of a participating vendor.

- By instituting clear and transparent policies that reduce potential conflicts of interests with their employees, HGPII members promote best practices. These efforts include implementing written policies on conflicts of interest that outline the practices that employees must adhere to, along with requiring employees to regularly review these policies. Employees with the ability to influence outcomes are generally prohibited from owning equity in any participating vendor company. In instances where an employee is found to have an equity stake in a participating vendor, the employee is required to make the relationship known to the GPO. Many GPOs also require the employee to dispose of the equity stake – removing the conflict of interest altogether. To remove the possibility of other conflicts of interest, equity disclosure requirements are extended, required of, and applied to employees' immediate family members as well. While several participating GPOs allow employees to receive gifts of nominal value from vendors, those GPOs require employees to report any gifts from participating vendors and limit the value of any gifts that can be received.
- Vendor Grievance Process: To ensure that vendors can resolve legitimate disputes that arise during the contract review process, HGPII members have vendor grievance processes in place for their bids and awards. HGPII charter signatories use the Independent Evaluation Process to address any vendor grievances. That process helps GPOs come to a decision after bid and award disputes, and is also shared on HGPII member websites.

There were no HGPII members that referred a grievance to HGPII for review and assistance over the past year. Many GPOs place a great deal of emphasis on developing open and honest relationships with vendors that help facilitate transparent lines of communication early on. These working relationships may reduce vendor grievances. HGPII Members also noted that, despite their contractual relationships with vendors, any vendor that felt aggrieved in the bid and award process would likely take advantage of the grievance process to resolve a conflict.

- Code of Conduct: In an effort to maintain the highest ethical standards of Conduct, HGPII members publicize their written Code of Conduct that outlines business ethics and conduct on their websites, and also have procedures in place to ensure that employees understand and meet their responsibilities under the Code. GPO employees are mandated to take periodic courses, which reinforce the materials covered in the Code on an annual basis. Two HGPII members require their employees to participate in refresher courses more than twice each year. Additionally, GPOs have an official procedure 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 speak with their supervisor or a senior official at the company about the violation.
- Reporting Potential Ethical Violations: HGPII members understand the importance of maintaining and promoting organizational cultures to infuse ethical business practices in everyday activities. To protect the identity and preserve the confidentiality of employees reporting possible violations of the Code of Conduct, many GPOs allow employees to anonymously report violations through a telephone hotline, a web-based reporting system or by sending an email to a secure inbox that gives the employee the option to maintain their anonymity. Violations reported by employees are typically investigated by the Ethics & Compliance Officer, and all HGPII members have safeguards in place to protect reporting employees from retaliatory behavior. In addition, many HGPII members that we interviewed reiterated their efforts to create an ethical culture so that every employee understands their respective responsibility to abide by the Code of Conduct. To ensure ongoing compliance, GPOs conduct periodic training and education sessions with their senior managers and leadership.

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 and interviews with member GPOs found that only a limited number of HGPII members exceeded the 3% threshold. Among HGPII members that accept administrative fees above 3%, fees are often associated with supplemental administrative services and similar activities. For GPOs that accept administrative fees larger than 3%, fees are negotiated on an individual contract basis and are disclosed in line with federal Safe Harbor regulations.

- Payment from Vendors: GPOs do accept sponsorship funds from vendors for educational programs, to participate in conferences, and to use exhibit space at their annual membership meetings. When GPO members have questions regarding these payments, some companies provide additional information regarding vendor sponsorship, grant and exhibit fees upon request.
- Contract Bid and Award Process: To provide transparency for prospective vendors about the bid and award process, suppliers that are interested in competing for GPO contracts can find a description of the bid and award process on the respective company's website. The Request for Proposals process remains the most common method used by GPOs to review bids for contracts; however, some GPOs make their contract schedule available to prospective vendors on their company's website. This process allows vendors with unsuccessful bids 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 remain focused on providing the most cost-effective products with the best value and services for their members. GPOs' choices about contracts are driven primarily by their members and selected with the goal of achieving the best overall value and quality for healthcare providers. Dual and multi-sourced contracts are primarily used by HGPII members and are most common according to survey respondents. The use of single-sourced contracts typically remains rare and infrequent; however, they may be used when the GPO's membership determines that the structure is in the organization's best interest. A limited number of HGPII contract for multiple items – known as “bundling” - in order to receive the best

value for their members. HGPII members continue to maintain processes that ensures bundles are reasonable, appropriate and do not adversely impact competition.

- Opportunities to Contract for Innovative Products and Services: HGPII members actively seek out new technology to market for customers across the healthcare supply chain. GPOs have standard processes in place that allow them to evaluate promising vendors and quickly enter into contracts for innovative products and services throughout the calendar year. Many GPOs insert standard language into their contracts that allows them to enter into a new contract, at any time, with a vendor offering an innovative technology product. GPOs are also permitted to evaluate products and communicate with a variety of vendors, regardless of whether the vendor has an existing contact with the GPO. Additionally, GPO members are not restricted from buying non-contracted innovative products or services directly from non-participating vendors.

HGPII notes that its members host innovation expos and conferences that contribute to the visibility and availability of new healthcare technologies. These innovation activities have expanded substantially in recent years, and remain in a virtual format for many GPOs due to the lingering impacts of the COVID-19 pandemic and the desire to protect public health.

- Vendor Diversity Programs: GPOs continue to make progress in their efforts to advance opportunities for small, minority, veteran, LGBTQ, women-owned and other disadvantaged vendors in the supply chain. GPOs use a broad array of strategies, including educational initiatives and business objectives, to create opportunities for vendors who are underrepresented in the group purchasing industry. Some GPOs have contracts with an increasing number of underrepresented suppliers and pursue development and growth opportunities to strengthen those relationships. Other HGPII members collaborate with leading GPOs in this area to take advantage of existing development programs and networks. While only a small number of GPOs have standing Supplier Diversity Committees, or a group that focuses exclusively on diversity issues and vendors led by underrepresented individuals, a majority of HGPII members are

actively working to contract with businesses owned by people from historically underserved communities.

- Promoting the Use of Environmentally-Preferred Products and Services: The preference for utilizing environmentally-preferred products continues to increase in certain categories, ensuring that GPOs continue to drive the demand for environmentally-preferred products and services in the healthcare supply chain. GPOs continue to request supplier data about EPP products and services from suppliers, and several upload this information to a member-accessible website. This ensures that GPO members can evaluate EPP products based upon their internal goals and strategies. Although regional differences exist, the growing interest in EPP shows that HGPII members understand the benefits of providing the best available items, while also ensuring that claims of environmental superiority over other products are accurate and verified by an independent third-party.
- Other Lines of Business Outside of the GPO Practice: Many HGPII members have other lines of business which complement their purchasing activities, including consulting and analytic services aimed at improving operational performance, reducing healthcare costs and enhancing clinical performance.
- GPO Use of Private Label Programs: Roughly one-third of HGPII members have a private label program. These programs are designed to provide additional supply of products at favorable prices for the GPO's members, and in many instances, the administrative fee structure for these programs equal to other portfolio offerings.

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

The annual HGPII survey is the most comprehensive review of business practices within the healthcare group purchasing industry. As such, HGPII has a unique perspective on competition within this sector, which has undergone substantial transformation since HGPII was formed.

Competition within the group purchasing industry remains robust, which instills discipline into the field and encourages innovative approaches to service, delivery, value creation and product offerings. This vigorous level of competition exists throughout the health care supply chain industry for national contracts, typically engaged by larger organizations, and in local and regional contracts offered by GPOs of all sizes and specializations. HGPII's membership is comprised of a broad array of business models and strategies, with members seeking to provide products and services throughout the healthcare industry. This efforts by organizations of all sizes throughout the group purchasing industry exert pressure and create cost savings across the healthcare system. Based upon survey results and recent interviews, we can attest to the significant level of competition in group purchasing. This finding is backed by our annual survey, which once again provided data that quantifies the significant cost savings that GPOs generate for the healthcare system and their stakeholders.

Stakeholders throughout the group purchasing industry continue to successfully leverage lower prices for health care providers that can be passed on to the public. Findings from our annual survey supports the continued benefit from pooled purchasing power of GPO networks to produce lower costs for healthcare products and services. We also note 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 for this sector.

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

HGPII members continue to promote business practices that facilitate the early identification and adoption of novel technologies in the area of healthcare supplies, medical devices and services for their members. Signatories to the HGPII charter undertake several activities to promote awareness of innovative technology, including hosting and attending trade shows and vendor expos and participating in other events that allow potential vendors to engage directly with healthcare suppliers. However, due to COVID-19 pandemic, HGPII members again conducted trade and vendor expos virtually this year, allowing them to reach a broader number

of vendors through virtual channels. Innovation also happens internally as well - HGPII members commonly review recommendations for products that they receive from their members.

HGPII members do not currently face any barriers to bringing new and innovative technologies online quickly. This is primarily due to their ability to sign contracts for innovative technologies at any time during the bid and award cycle. Consistent with prior annual reports, we found that there are no existing prohibitions that limit the ability of GPO members to communicate directly with vendors, whom the GPO does not contract with, for the purpose of assessing their products and services.

In line with other innovative practices, and through the use of custom contracts or private agreements, HGPII members are permitted to purchase products and services directly from vendors whom the GPOs do not contract with.

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

The organization, and its members, continue to place a strong emphasis on engaging healthcare suppliers that come from populations that are diverse and underrepresented in the healthcare supply chain, including businesses owned by women, people of color, the disabled, veterans, members of the LGBTQ community and small business owners. This effort is also a focus of HGPII, which focuses on efforts to create greater opportunities for historically underrepresented groups. Often, GPO members encourage the pursuit of efforts to diversify the universe of healthcare supply chain vendors, and place a high value on the need to expand opportunities for those who have been underrepresented in the healthcare supply chain. Since the creation of HGPII, the prominence and actions by members to expand their respective supplier diversity programs has grown – a small sampling of member initiatives follow, including:

- Premier runs a Supplier Diversity Program to help members grow the number of underrepresented suppliers, create jobs, and improve outcomes in the communities its members serve. This effort also supports members by promoting the inclusion of diversity practices into purchasing partners' operations and processes and encourages contracted

suppliers to procure from diverse suppliers. Premier also tracks benchmarks that allow the company to monitor the number of diverse suppliers and identify opportunities to broaden contracting categories in consideration of diverse suppliers.

Premier also maintains several goals that drive support for organizational spending on diverse suppliers, which provides opportunities for coaching and mentoring underrepresented suppliers. Additionally, Premier hosts an annual Supplier Diversity Forum that showcases success stories, educates smaller suppliers on how to grow their sales volume using contracting strategies and a reverse-trade fair to encourages relationships between smaller suppliers and Premier's members.

- HealthTrust's Supplier Diversity Program is focused on building relationships and providing opportunities for diverse suppliers. Historically disadvantaged suppliers seeking an opportunity to do business with HealthTrust are vetted by the Supplier Diversity Program team and briefed about the typical bid process. If a diverse supplier matches a business need of the HealthTrust membership and meets HealthTrust's diversity supplier requirements, it will be considered for inclusion in the bid process. HealthTrust's Supplier Diversity team periodically meets with account directors who work with members on matters such as contract compliance, cost reduction, quality improvement, and elimination of waste. During these meetings, diverse suppliers and cost savings available through diverse contracts are discussed, and support is solicited in situations where member participation under diverse contracts could be improved. Diverse suppliers are also invited to attend "HealthTrust University," which provides additional growth and education opportunities to learn about quality improvement, cost reduction and contract compliance. In addition, HealthTrust contracted diverse suppliers are invited to attend an annual Supplier Diversity Symposium. This event is an educational and networking event intended to inform and prepare our suppliers as they do business with HealthTrust. This event is also a forum to create and develop relationships between our suppliers and members. In 2021 HealthTrust held a Supplier Diversity Workshop for suppliers recommended to us by our member representatives of the HealthTrust Supplier Diversity Council. This event is an educational event intended to create a pipeline of diverse suppliers for potential HealthTrust contracts.

- Vizient’s efforts focus on identifying, vetting, and contracting with certified diverse suppliers on national, regional, and local level. As a result, the organization reported significant spend through more than 175 diverse and small business agreements in 2020. The company’s supplier diversity program also helps its members champion inclusion in their supply chains and accelerate economic growth in their local communities through the engagement and empowerment of high-quality and cost-competitive diverse suppliers.

Additionally, Vizient tracks both tier 2 spend for majority suppliers and tier 1 spend for diverse suppliers through an online portal, while consistently looking for contract opportunities for diverse suppliers. These efforts are highlighted on the landing page of the catalog, and allow members to find diverse suppliers using the search tools in the catalog. effort is tied to their goals for spending with diverse and underserved suppliers. Vizient also participates in supplier diversity organizations including the National Minority Supplier Development Council (NMSDC) and the Women’s Business Enterprise National Council (WBENC), putting the organization in line with best practices of national organizations.

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

The vast majority of HGPII GPOs shared that their members have a desire to for access to environmentally-preferred products and services. Because of a lack of national standards, members looking to GPOs for certainty about claims of environmental superiority and certifications by independent third-parties. The demand for environmentally-preferred products and services continues to be increase, and a few HGPII members noted that their members have recently expressed a desire for more information about EPP purchasing goals. This work is supplemented by efforts among GPOs to educate suppliers on the importance of environmentally preferred attributes, incorporate criteria into periodic business reviews and promote the transparency of supplier submitted data. In response to member demand, HGPII members continue sharing information about suppliers, products, pricing, and environmentally-preferred products with their members.

However, several challenges have been identified in providing such items to their members. The industry lacks consensus about which environmentally-preferred product and service attributes should routinely apply to each product and service category. There is still also variety in the standards used, thus several GPOs continue to promote the attributes established by Kaiser-Permanente. Finally, since most products have more than one EPP attribute, obtaining third-party documentation remains difficult. This has led organizations like to create new processes and standardize their collection of environmentally-preferred product information during the competitive bidding process.

We believe that demand for EPP will continue to grow as more GPOs determine that the overall value of such products are worth the increased cost.

X. HGPII Activities in Calendar Year 2021

2021 Annual Best Practices Forum

The Sixteenth Annual HGPII Best Practices Forum was held on July 22, 2021. Once again, we used a virtual style of presentation due to the persistence of the COVID-19 pandemic. This format allowed signatories to the HGPII charter and healthcare supply chain stakeholders to gather remotely to discuss best practices. HGPII members are required to attend the day-long event designed to provide GPOs with an opportunity to reaffirm their commitment to the highest ethical standards and to share their best business practices with others. The yearly event also provides an opportunity for HGPII members to discuss issues that are of particular interest in the industry in areas that relate to ethics and business practice.

This year's virtual format continued focus on ethics and best practices. It included a number of sessions on diversity, sustainability, and business practices that are of interest to the GPO community, an update on an existing HGPII Initiatives, and observations from many healthcare suppliers. The event was highlighted by a keynote address from Meredith Broadbent, the Past Chair of the International Trade Commission who discussed the need to focus on crisis management and create a culture of preparedness.

Steering Committee Panel

Senior executives from HGPII member organizations discussed emerging issues confronting GPOs and the healthcare industry, including the use of collective spending power to improve resiliency, reduce redundancy, and provide transparency along the health care supply chain. There was also some discussion about the continued response of GPOs to the COVID-19 pandemic and the future of the supply chain industry. The presentation provided an opportunity for the senior executives who make up the Steering Committee to discuss how members can best align the goals of HGPII with challenges facing the industry – largely due to continuing industry shifts and innovation due to COVID-19. Senior executives participating in the panel discussion include:

- David A. Hargraves, Chairman, HGPII Steering Committee
- John J. Young, Chief Medical Officer, HealthTrust
- Jennifer Gedney, Vice President, Supply Chain Services, Children’s Hospital Association
- Simrit Sandhu, Executive Vice President, Strategic Transformation and Clinical-Supply Solutions, Vizient

The panel was moderated by Byron Dorgan, HGPII National Co-Coordinator.

Presentation on Environmental, Social, and Governance Panel: A Discussion of the GPO Ecosystem

Senior executives from across the healthcare supply chain discussed how their organizations work to promote diversity & inclusion transformation, the value proposition of ESG goals, and GPO accessibility and affordability. Panelists remarked on a range of issues regarding contracting in the healthcare supply chain, including retaining employees, attracting talent, and serving diverse clients and communities. Speakers participating in the panel discussion include;

- Joe Machicote, Chief Diversity and Inclusion Office, Premier Inc.
- Monica Davy, Senior Vice President, Chief Culture, Diversity, & Inclusion Officer, Vizient Inc
- Gerry Fernandez, Founder and President, Multicultural Foodservice and Hospitality Alliance

The panel was moderated by Oliver Spurgeon III, HGPII Forum Executive Director

Presentation on Regulatory Roundup: Evolving Issues Facing GPOs

Leading experts gathered during this panel to discuss myriad regulatory challenges to the health care supply chain at the federal, state, and local levels. Panelists engaged in discussions on issues regarding cybersecurity challenges, forced labor in the healthcare supply chain, and other regulatory issues. Speakers during the panel included:

- Douglas Grimm, Partner, Arent Fox, LLP
- Angela M. Santos, Partner, Arent Fox, LLP
- Kathryn Bell, Health Professional Staff, Senate HELP Committee

The panel was moderated by Oliver Spurgeon III, HGPII Forum Executive Director

HGPII Advisory Council Presentation: Organizational Resilience and Crisis Management

Members of the HGPII Advisory Council engaged guests in an examination of crisis management and building cultures of preparedness through the lens of examples from the field. Annual Forum attendees were given an opportunity to examine fact patterns and apply lessons learned. Panelists participating in this presentation included:

- Jacqueline Brevard, Senior Advisor, GEC Risk Advisory
- Dr. John Hasnas, Executive Director, Georgetown Institute for the Study of Markets and Ethics
- Anne Nobles, Chair, Indiana University Health Foundation

The panel was moderated by Oliver Spurgeon III, HGPII Forum Executive Director

Resiliency in the Healthcare Supply Chain:

The nation's top experts discussed the future resiliency of the healthcare supply chain. Participants discussed myriad resiliency-related topics including redundancy, data, transparency, and leveraging the spending power of group purchasing organizations to grow the nation's economy. The panelists were:

- Phil English, HGPII National Coordinator

- Bindiya Vakil, Founder and Chief Executive Officer, Resilinc
- Jessica Daley, Group Vice President and Chief Pharmacy Officer, Premier

The panel was moderated by: Oliver Spurgeon III, Annual Forum Program Director

XI. 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 of the HGPII 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;
- 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 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 Interest 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.

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.

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
16011 College Blvd.,
Suite 250
Lenexa, KS 66219
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.

Innovatix, LLC

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

Premier, Inc

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

TPC

ATTN: Roger Nolan
7160 Dallas Parkway

Suite 600
Plano, TX 75024
Tel: (469) 366-2100
www.tpcl.com

Vizient, Inc. (including MedAssets)

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

Yankee Alliance

ATTN: Amy Campbell
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

Healthtrust Performance Group

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<http://healthtrustpg.com>

HPS

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APPENDIX D

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APPENDIX E
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APPENDIX F

2021 PUBLIC ACCOUNTABILITY QUESTIONNAIRE



2021 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2021.
Please return your response to jeri.freirich@arentfox.com no later than
June 3, 2020.

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.
 - 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 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?

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?

CODE OF CONDUCT

44. 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.

45. 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.

46. 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

47. 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?

48. 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.

49. 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.
50. 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.
51. How many of your GPO employees attended the most recent Best Practices Forum? Include the name of the most senior executive who attended.
52. 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 2021 ANNUAL BEST PRACTICES FORUM



HPGII ANNUAL BEST PRACTICES FORUM AGENDA

June 22, 2021

*All of the conference sessions will be held virtually on the ON24 platform.

9:30AM-9:42AM Welcome, Introduction, and Opening Remarks

- David Hargraves, Chairman, HGPII Steering Committee
- Phil English, HGPII National Coordinator

9:45AM-10:27AM Environmental, Social, and Governance Panel: *A Discussion of the GPO Ecosystem*

Moderator: Oliver Spurgeon III, HGPII Executive Director

Panelists:

- Joe Machicote, Chief Diversity and Inclusion Office, Premier Inc. Committee
- Monica Davy, Senior Vice President, Chief Culture, Diversity, & Inclusion Officer, Vizient Inc.
- Gerry Fernandez, Founder and President, Multicultural Foodservice and Hospitality Alliance

ESG Executives will discuss matters of importance to HGPII membership and respond to questions from the audience

~ 3 minute technology break to accommodate new panelists

10:30AM- 11:12AM Steering Committee Panel

Moderator: Byron Dorgan, HGPII National Co-Coordinator

Panelists:

- David Hargraves, Chairman, HGPII Steering Committee
- John J. Young, Chief Medical Officer, HealthTrust
- Simrit Sandhu, Executive Vice President, Strategic Transformation and Clinical-Supply Solutions, Vizient
- Jennifer Gedney, Vice President, Supply Chain Services, Children's Hospital Association

GPO Executives will discuss matters of importance to HGPII membership and respond to questions from the audience.

~ 3 minute technology break to accommodate new panelists

11:15AM-11:57AM HGPII Advisory Council Presentation: Organizational Resilience and Crisis Management

Moderator: Oliver Spurgeon, HGPII Executive Director

Panelists:

- Jacqueline Brevard, Senior Advisor, GEC Risk Advisory
- Dr. John Hasnas, Executive Director, Georgetown Institute for the Study of Markets and Ethics
- Anne Nobles, Chair, Indiana University Health Foundation *The Advisory Council will lead a presentation focused on crisis management and creating cultures of preparedness. The Advisory*

Council will respond to questions from the audience.

~ 3 minute technology break to accommodate new panelists

12:00PM-12:45PM Keynote Speaker: Meredith Broadbent, Past Chair, International Trade Commission

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

12:45PM-1:15PM Lunch Breach and Technology Switch

1:15PM-1:57PM Regulatory Roundup: Evolving Issues Facing GPOs

Moderators: Oliver Spurgeon, HGPII Executive Director

Panelists:

- Douglas Grimm, Partner, Arent Fox, LLP
 - Angela M. Santos, Partner, Arent Fox, LLP
 - Kathryn Bell, Health Professional Staff, Senate HELP Committee
- Leading experts will discuss matters of cybersecurity, Congressional activity, and forced labor.*
- ~ 3 minute technology break to accommodate new panelists*

2:00PM-2:42PM Resiliency in the Healthcare Supply Chain:

Moderator: Oliver Spurgeon, HGPII Executive Director

Panelists:

- Phil English, HGPII National Coordinator
- Bindhya Vakil, Founder and Chief Executive Officer, Resilinc
- Jessica Daley, Group Vice President and Chief Pharmacy Officer, Premier

Leading experts will discuss matters regarding the resiliency of the healthcare supply chain, nearshoring, and developments over the past year and a half. Phil English to discuss annual survey results.

~ 3 minute technology break to accommodate new panelists

2:45PM-3:00PM Closing Remarks:

- David Hargraves, Chairman, HGPII Steering Committee
- Phil English, HGPII National Coordinator

APPENDIX H

REGISTERED ATTENDEES 2021 HGPII BEST PRACTICES FORUM

First name	Last name	Company Name
Jocelyn	Bradshaw	HealthTrust
Michael	Rizk	CSL Behring
Tyler	Meadows	Capstone Health Alliance
Ryan	Maccubbin	Capstone Health Alliance
Jennie	Hendrix	Capstone Health Alliance
Carolyn	Osolinik	Vizient
Brian	Frank	HPS
Patty	Kozar	HPS
Whitney	Tull	
Robin	Lincoln	Capstone Health Alliance
Tabitha	Calloway	Capstone Health Alliance
Edmund	Haislmaier	The Heritage Foundation
Mark	Guidarelli	CSL Behring
Brian	Wagner	CSL Behring, LLC
Alison	Segner	CSL Behring
Mark	Sevchik	CSL Behring
Stanton	Hazzard	CSL Behring
Chip	Kurt	CSL Behring
Alex	Brown	TPC
Steve	Einig	Intalere
David	Shamlin	TPC
Jay	Shuman	Arent Fox LLP
Deborah	Williams	
Anne	Nobles	
John	Hasnas	
Jacqueline	Brevard	
Alex	Hodges	
Bindiya	Vakil	
Christine	Arme	
Walt	Rosebrough	
Paul	Perrault	
Steve	Adams	
Robert	Rajalingam	
Michelle	Hood	
Tom	Daschle	
Byron	Dorgan	
Edmund	Kurley	Premier Inc.
John	Klosek	Premier
Gary	Feit	Premier
Erica	McDaniel	Premier

David J	Mancione	Premier
Dawn	Arenella	Premier
Brent	Gee	Vizient
Dale	Robinson	HealthTrust Europe LLP
Tami	Maurer	Vizient
Kevin	Crampton	HPS
Shaleta	Dunn	Vizient, Inc.
Jackie	Dula	Capstone Health Alliance
Jeff	Easterling	Cardinal Health
John	Thompson	Vizient, Inc
Cristina	Indiveri	Vizient
Karen	Wagener	HealthTrust
Steve	Zikeli	HPS
Reny	Thrall	HPS
Tae-Sun	Kim	HealthTrust
Scott	Andersen	HPS
Matt	Cassidy	HealthTrust
Angie	Edwards	Capstone Health Alliance
Angie	Boliver	Vizient
Sokthirith	Khen	TPC
Anna	Ormiston	Conductiv Contracts
Amanda	Major	Children's Hospital Association
Tim	Bugg	Capstone Health Alliance
Laurie	Miller	HealthTrust
Chris	Jones	Premier
David	Hargraves	Premier, Inc.
John	Dab	HealthTrust
Chris	McDown	Vizient Inc
Alan	Sauber	Premier, Inc.
Kevin	Davis	HealthTrust
Pamela	Daigle	Premier
Soumi	Saha	Premier Inc.
Del	Jackson	Premier
Robert	Karcher	Premier Inc.
Steven	Chen	Children's Hospital Association
Jennifer	Gedney	Children's Hospital Association
Adrienne	Williams	Intalere
Justin Lee	Schneider	Premier, Inc
Sandra	Hayter	Vizient
Shon	Wettstein	Intalere
Heather	McHale	Yankee Alliance
Richard	Jones	HPS LLC
Steve	Schoch	Intalere
Barbara	Hogan	Intalere, Inc.
Michael	Berryhill	HealthTrust
Sara	Goddard	Yankee Alliance

Matt	Murphy	Yankee Alliance
Leigh	Lambert	Yankee Alliance
Mark	Landau	Capstone Health Alliance
Erika	Johnston	Vizient
Cathy	Denning	Vizient
Troy	Kirchenbauer	Vizient
Ryan	Erskine	Yankee Alliance
Tom	Kennedy	Yankee Alliance
Duane	Bragg	Yankee Alliance
Robert	Arreola	HealthTrust
Melanie	Kawiecki	Yankee Alliance
Amy	Campbell	Yankee Alliance
Cathy	Spinney	Yankee Alliance
Rodney	Waller	Vizient, Inc.
Thomas	LaPres	HPS
Blair	Childs	Premier
David	Berry	Vizient, Inc.
Michael	Wascovich	Premier Inc
Kelly	Love	TPC
Roger	Nolan	TPC
Michelle	Pleiness	HPS
Sonya	McCall	Capstone Health Alliance
Mark	Phalen	TPC
Allen	Hamilton	Healthcare Supply Chain Association
Khatereh	Calleja	Healthcare Supply Chain Association
David	Gillan	Vizient Inc.
Tonya	Hunt	HealthTrust
Sapan	Goel	Premier

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 HPGII 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 HGPII EVALUATION

In order to facilitate the HGPII Evaluation and insure independency, HGPII 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.

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.



Jacqueline E. Brevard, JD/LLM  Senior Advisor, GEC Risk Advisory

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