



Healthcare Group Purchasing Industry Initiative

Seventeenth Annual Report to the Public

February 23, 2023

HGPII Coordinators

The Honorable Philip English

The Honorable Byron Dorgan

HGPII National Director

Oliver Spurgeon III

ArentFox Schiff LLP

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I. Executive Summary

The following is the 17th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII), an independent ethics, best practices and transparency project which conducts a detailed annual survey of signatory members from the healthcare group purchasing industry. This report is designed to provide insight into business standards and ethical norms that shape the healthcare supply chain that supports hospitals, healthcare providers and retirement institutions throughout the United States. The member organizations of HGPII jointly support a voluntary self-regulatory system that fosters best practices in American healthcare purchasing today.

This year's report reflects many of the same issues that preoccupied group purchasing organizations (GPOs) during the COVID-19 pandemic: surges in demand, rising prices, and shortages. We outline how GPOs juggle these challenges while pursuing traditional priorities such as cost savings, quality and accommodating innovation.

Our report below supports the following conclusions, which we attempt to detail:

1. All of the HGPII signatory organizations have met their obligations under the HGPII Charter. Their published Annual – Public Accountability Questionnaires (PAQ) have been reviewed for accuracy and they have participated in detailed direct interviews with the HGPII team.
2. In addition, every member GPO participated in the HGPII Annual Best Practices Forum, with most organizations participating with leadership present at the program in addition to the large virtual audience.
3. HGPII members are actively implementing industry best practices in their purchasing policies with attention to both cost savings and quality in their contracting.
4. All member organizations have displayed concern about inflationary pressures, critical product shortages, and challenges related to the offshoring of healthcare supply chain production.



5. HGPII members have put in place purchasing and contracting regimes that accommodate new and innovative healthcare products and promote access to breakthrough technologies. These procedures commonly draw on the expertise and participation of hospitals and other healthcare providers benefiting from their contracts.
6. All members have maintained purchasing policies that promote competitive bidding and a transparent awards process, providing product choice to healthcare providers. Multisource contracting is the dominant industry norm, with single source and sole source contracts relatively rare.
7. HGPII members have significant and long-standing diversity programs, and have made a commitment to diversifying supplier ownership within the healthcare supply chain.
8. All organizations have in place ethics policies and codes of conduct, enforced for officers, managers and employees and sustained by compliance and training programs. HGPII GPOs cultivate an ethical culture that is reflected in their operations.
9. HGPII member organizations have promoted sustainability by identifying and promoting environmentally preferred products (EPP), assisting providers seeking to reduce health hazards and implement green standards for acute and long-term care settings. The demand for sustainability in the supply chain varies based on provider circumstances and attitudes.
10. Every member GPO is offering a supplier grievance process to allow review of contract decisions, linked to an extended process maintained by HGPII. No HGPII member has recently been party to a dispute that required this review at either level.

This Annual Report provides a new link in HGPII 's ongoing assessment of the healthcare supply chain, in which the issues of interest to healthcare providers, suppliers and policy makers continue to change. We find that notwithstanding consolidation in the GPO industry, the sector remains highly competitive, innovative, and relevant to any blueprint for cost control in the healthcare system, regardless of other policy initiatives. We conclude that the data analytics and



institutional memory of GPOs are resources for public policy makers and healthcare providers alike.

This report is the product of the HGPII process, which is managed by the interdisciplinary team at ArentFox Schiff LLP. This organization deploys expert practitioners including policy makers, healthcare experts, business and legal professionals, and ethics monitors to assess practices and promote compliance with industry standards. The following report fairly represents the results of the most comprehensive annual survey of best business practices in the healthcare supply chain. It is our policy to post this report in its entirety on the HGPII website.

II. Findings:

The 17th Annual Report of the Healthcare Group Purchasing Industry Initiative finds a significantly different healthcare environment than in the recent past. The lessons of the recent global pandemic remain, but they intersect with issues that have taken on a new salience. HGPII members have shared concerns about inflation, offshoring and marketplace disruptions that are colored by the financial challenges facing hospitals, physician practices, and other non-acute providers. Individually they are adopting creative strategies to mitigate many of these issues. As an industry, GPOs are renewing their commitment to transparency and high standards. Our findings based on extensive interviews follow.

Lingering Pandemic Effects

Over the past year, healthcare group purchasing organizations have played a significant role in spotting potential disruptions in the medical supply chain by using available data and customized analysis. Even as many of the pandemic's effects have dissipated, challenges related to shortages in certain product categories like pharmaceuticals have emerged during the past year. Our survey, which delves into the experiences of group purchasing organizations over the past year, details how members have helped the healthcare supply chain navigate shortages and pursue alternative products and practices moving forward.



Efforts by GPOs contributed to a lower number of product shortages and also helped members push back against inflation to manage cost spikes, preserve budgets, and stabilize inventory. We have outlined several highlights below:

Supply Chain Resiliency

The pandemic vividly highlighted the need for greater resiliency in a healthcare supply chain that had become too dependent on distant suppliers operating in different business environments. Our exchanges with HGPII signatories demonstrated their preference for a healthcare marketplace with greater supplier redundancy, more local production, adequate inventories, and transparency.

The HGPII member organizations utilized several approaches to help stabilize the healthcare supply chain over the past year. Some worked with suppliers to procure additional months of inventory for members. Some scaled their own production of gowns and gloves through investments in manufacturing capabilities that can be customized to member specifications. Others have partnered with suppliers to provide a better forecast of demand for vital products. Altogether, these efforts have helped to expand capacity across product categories, create additional competition in the marketplace to bring down costs and tame inflation, and address worries about the healthcare supply chain's ability to weather acute shortages.

GPOs have invested heavily in data and analysis capabilities over the past year. These enhanced capabilities have acted as an early warning systems for members concerned about managing inventory of supplies in the short-term, and predicting future product shortfalls in the long run. More importantly, the enhanced ability to forecast demand changes and predict supply shortages has acted as a price hedge for entities concerned about obtaining supplies at a reasonable price.

In addition to investments in data and analysis, members have focused on providing additional transparency about their operations to help organizations across the healthcare supply chain understand pricing structure. These transparency efforts are complemented by reciprocal



commitments for preferential pricing, supply delivery by certain dates, and contract innovations like downside risk or penalties for missing deadlines. By promoting additional transparency and allowing contract innovations with the number of suppliers that offer specific products, member GPOs have gained the ability to assess how risky a member's supply chain was and help them improve their mitigation strategy.

Drug Information

Despite the vast improvements in supply across product groups since the extreme shortages that occurred during 2020, the prescription drug category remains an area where shortages occurred over the past year. Due to myriad issues including workforce challenges abroad, which impacted manufacturing and distribution, and chokepoints in the delivery of active pharmaceutical ingredients, supply shortages occurred for some pharmaceutical products. GPOs were strategically positioned and worked with actors across the healthcare marketplace to gather information and data about potential pharmaceutical shortages before they occurred. This early insight into the dynamics of looming prescription drug shortages that occurred during the past year enabled GPOs to provide guidance to members, access to alternative therapeutics to manage those shortages and additional sources of supply to market.

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Example:

- HealthTrust used multidisciplinary teams across departments to create a member support process for backordered products and items considered critical to patient care. Key inputs shared in a supply chain disruption portal enable internal and external stakeholders to communicate and view best practices.

We found that most of the GPOs had experienced significant problems with shortages of drugs needed by hospital stakeholders and had pursued the limited available opportunities for relief.

Sorting and Distributing Information

GPOs provided value for their members over the past year by utilizing the well-honed skills of their internal experts and harnessing millions of data points related to member inventories, available supplies on the market, and potential product delivery bottlenecks.

Examples:

- Premier's Performance Services segment harnesses efforts around clinical and cost analytics, consulting services, and technology enabled performance improvement collaboratives to better use and share data about product demand and clinical utilization.
- HealthTrust, directly and indirectly, supported member systems by participating in a variety of ad hoc and regular public-private collaborative initiatives to gather supply chain data; identify and discuss strategies to anticipate needs and mitigate shortages; and share best practices on the use and conservation of critical supplies.

Information Technology Innovations

GPOs developed market-leading online applications and software platforms that enabled better transparency and information sharing with members regarding supply challenges and demand forecasts. These innovations benefitted the healthcare supply chain across the board - physicians, healthcare payers and patients alike, allowing for better information sharing about available inventory to procure, looming supply shortages, and demand changes across the marketplace.

Examples:

- HealthTrust created a member support process for backordered items or products critical to patient care, which collects key inputs to track trends, cross reference, and provide alternative products to members via a supply chain disruption portal.



- Vizient developed a Clinical Workforce Well-Being Playbook, which offers critical information, emerging practices, and recommendations to help members support their clinicians.

Federal/State Partnerships

Healthcare GPOs remain engaged in communication with federal and state authorities – albeit not at the frequency that these conversations occurred during 2020. The nation’s GPOs continue to share important data and on-the-ground expertise with leaders at the federal, state, and local levels to help inform policy decisions.

Examples:

- Vizient engaged with federal officials at HHS and FEMA specifically to discuss ordering and demand trends. A number of member GPOs also engaged with legislative and regulatory policymakers to identify and advocate for changes that support the financial, operational, and care-delivery needs of hospitals across the country.
- Paralleling to their work with government agencies, HGPII members also conduct robust outreach to other supply-chain stakeholders to share valuable insights into the challenges faced and opportunities for further collaboration. These ad hoc coalitions help broadly gather supply chain data and identify strategies to address product shortages.

Innovation

HGPII signatory organizations in their efforts to maintain best practices in screening and contracting for innovative healthcare products and services, have a tailored process to review emerging technologies and healthcare products that will benefit their membership. Innovation conferences that allow potential vendors to share their new products and services are also offered by GPOs that have scaled accordingly. In our latest conversations during the 2022 HGPII interview process, successful innovation policies among healthcare GPOs have surfaced over the past year.

Examples:

- HPS refers incoming vendor applications to the appropriate internal Advisory Committee for review and consideration. If the HPS has a contract in place for that particular product, the Advisory Committee would determine whether to add the vendor to the bid list for the existing category. If the new product or new technology does not have an analog, the Advisory Committee has the option to send out an RFP for the new product and/or technology.
- TPC encourages suppliers to present new products and services that offer material advantages over existing options. When new products or services can improve the ability to deliver quality care or lower the cost, TPC pursues the adoption of innovative items.
- Since 1997, Premier's Technology Breakthroughs program has operated improve members' access to new and innovative technologies and provide a forum for n for vendors to present innovative products. As a part of their group purchasing agreement, Premier's contracts contain a technology breakthrough clause that enables the review of innovative products that drive high-quality, cost-effective care.

After reviewing the responses to the annual PAQs and speaking with HGPII member organizations, we find that healthcare GPOs continue to promote innovation in the healthcare system and provide critical support for the promotion of new services and technologies within the healthcare marketplace. These best practices are especially beneficial to startups and small suppliers.

Single Source Contracts

In line with historical trends in the healthcare group purchasing industry, multisource contracts remain the majority industry practice where products or services are available from multiple vendors. For example, Rapid Diagnostic Test Kits were procured through multi-source awards in the last year to provide healthcare entities with the best value and price. Single or sole source contracts represent a small percentage of GPO agreements, and are exemplified by foodservice distribution contracts. Typically, single source GPO contracts reflect products that have no generic equivalent or no competing vendor. While exceedingly rare, contracting decisions that reflect an acute client's preferences and needs may result in a single source award,



and HGPII Members reserve opportunities to utilize additional suppliers in all categories, including single source contracts, based upon the opportunities presented to them. 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 conversations and extensive review of survey responses have found that HGPII signatories maintain robust conflict of interest policies and procedures, and remain in compliance with our requirements to monitor and prevent potential conflicts of interest for member officers, employees and suppliers. These internal policies are designed to prevent conflicts of interest and are exemplified in the members' responses to the HGPII questionnaire.

HGPII members are obligated to take several steps to avoid conflicts of interest. These actions include an internal compliance and verification process, as well as conflict of interest training for key personnel. Ensuring that members maintain a conflict of interest policy is a central function of HGPII, and is intended to provide a culture of ethics from the highest-ranking executives to the newest hires within the organization.

Every HGPII member organization has met its respective deadline and commitment regarding conflicts of interest, including maintaining an internal protocol that allows conflicts of interest and other ethics violations to be reported anonymously and investigated.

III. The Role of HGPII and its Mission

In 2005, nine of the nation's leading group purchasing organizations (GPOs), serving the majority of the nation's hospitals, came together to form HGPII as an external and independent entity to monitor, promote and develop best ethical and business practices throughout the healthcare supply chain industry. At present, HGPII continues to lead the effort to educate health care providers, consumers and policy makers about the importance of maintaining integrity, ethics, and best practices throughout the industry.



This year's seventeenth annual report showcases member companies' adherence to the six core principles that are foundation of the HGPII charter. Each member organization has completed the annual public accountability questionnaire, which is available on HGPII's website and summarized in this report. By releasing this report each year, the healthcare group purchasing industry helps policymakers and the public access the latest information about the healthcare group purchasing industry's adherence to best practices, product and supply innovation, and a stronger & faster healthcare supply chain.

In publishing the annual report, the authors continue their commitment to fostering public awareness, better understanding, broader accessibility, and confidence among the public and the government about the integrity of the healthcare supply chain and group purchasing organizations. Current business and operational practices among member organizations that have been questioned about their contracts and impact upon the healthcare supply chain are consistent with the standards promoted within the HGPII charter.

HGPII is based in Washington, D.C. and hosted by ArentFox Schiff 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.

To monitor the member companies' adherence to, and incorporation of, HGPII's six core principles of ethics and business compliance, the Annual Public Accountability Report is issued each year. Every member of HGPII is required to complete the Annual Public Accountability Questionnaire annually, which highlights business practice among group purchasing organizations. The Annual Public Accountability Questionnaire also ensures that member companies disclose the internal policies and activities that promote best practices and high ethical standards. The member company responses are available on HGPII's 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 six core principles. This collective commitment to transparency and



examination also ensures that the public, policymakers, and healthcare leaders can assess HGPII members' commitment to the highest ethical standards and best business practices. After the annual Public Accountability Report, 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 was held in a hybrid format on July 14, 2022, due to the continuing need to prioritize public health and prevent the spread of COVID-19.

In the following pages, audiences will find an overview of the primary practices of group purchasing organizations throughout the healthcare supply chain.

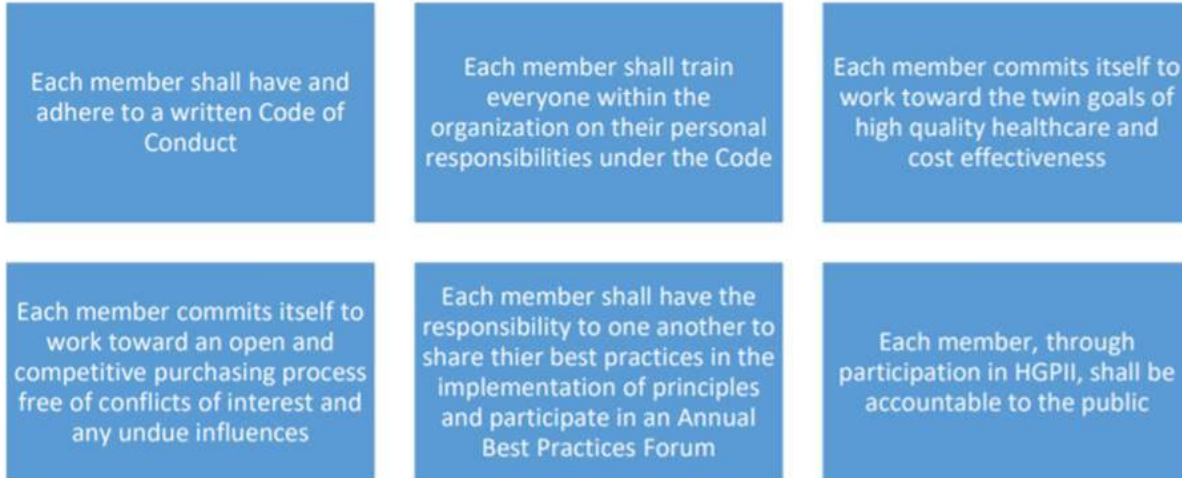
IV. Methodology

The Seventeenth 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 2022. The report represents the outcomes of a comprehensive survey detailing best practices, compliance efforts, operational standards, and ethical standards among group purchasing organizations. With each iteration of the questionnaire, the questions posed, and the responses received, are updated to allow HGPII to better understand the latest innovations, market conditions, challenges and successes among member companies. Upon the submission of the survey by member organizations, the HGPII team conducts follow-up interviews with each entity 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 pressing healthcare supply chain issues. These conversations also allow survey respondents to emphasize certain points of interest and provide additional details about the answers that were included in their written survey response. Traditionally, two member companies are selected for site visits by the HGPII Coordinators. These face-to-face 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 once again cancelled this year.

To provide policymakers and the public the highest level of insight 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 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 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, for public viewing on HGPII's website at: www.hgpil.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 and the HGPII team.

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, answer the questions in the Annual Public Accountability Questionnaire, and 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 senior executive responsible for supply chain operations from HGPII member GPOs – may suspend the participation of any GPO which fails to fulfill its required obligations under the Initiative.

Group Purchasing Organizations that Comprise HGPII:

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

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

After review, interviews, and consultation with HGPII members following their responses to the Public Accountability Questionnaires, we found that member GPOs continue to meet the high ethical standards and business practices required to participate in HGPII. This remains in line with the long-term adherence of HGPII members to promoting best practices that foster growth, transparency and innovation in the healthcare group purchasing industry. HGPII charter signatories continue to provide robust value for member GPOs despite the lingering challenges in the marketplace and compounding impact of inflation on the economy. Our analysis found that members of HGPII continue to meet these goals due to the maintenance of several benchmark policies that reinforce integrity and best practice throughout 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 maintain a clear line of delineation in their ownership structures, including any parent or affiliated companies. HGPII members remain committing to reducing opportunities for a conflict of interest. Many members have a Board of Directors, or another governing body, that includes representatives promoting the GPOs' customers and employees. It's extremely rare that a

Board member serves in a dual capacity as an employee, officer, or director of a participating vendor.

- By instituting accessible and transparent policies that reduce the potential for conflicts of interests with their employees, HGPII members instill a culture of achieving best practices. By requiring written policies on conflicts of interest that outline the practices that employees must adhere to and requiring employees to regularly review these policies, member GPOs reaffirm their commitment to best practices throughout their business enterprise. Additionally, employees with the ability to influence procurement outcomes are notably prohibited from securing equity in participating vendor companies. In instances where an employee does have an equity stake in a participating vendor, the employee is required to make the relationship known to the GPO. In this situation, many GPOs also require the employee to dispose of the equity stake, which removes the conflict of interest altogether. Equity disclosure requirements are extended, required of, and applied to employees' immediate family members as well in an effort to remove the possibility of other conflicts of interest. 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, every HGPII member has a vendor grievance process in place for their bids and awards. Given the significant volume of awards by HGPII charter signatories, we found that the number of grievances filed against members is very small. Member GPOs use an Independent Evaluation Process to address any vendor grievances, which helps GPOs come to a decision after bid and award disputes. This process 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 have developed transparent relationships with vendors that help facilitate clear lines of communication early on and a broader

understanding of the contracting process. These working relationships likely reduce vendor grievances due to clear expectations about the process going forward. 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: HGPII members publicize a written Code of Conduct that outlines business ethics and conduct on their websites, and maintain procedures to ensure that every employee understands and meets their responsibilities under the Code. GPO employees are mandated to take regular courses, which reinforce the materials covered in the Code. 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 preserving the ability of employees to anonymously report ethical violations. To support a culture of ethics in their everyday operations and 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 through these means are typically investigated by the internal Ethics & Compliance Officer, and every HGPII member has procedures in place to shield 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: Most GPOs participating in HGPII accept administrative fees up to 3%. Our review and conversations found that a small number of HGPII members exceeded the 3% threshold, and only did so in unique circumstances. Among those that accept administrative fees above 3%, the fees are typically associated with supplemental administrative services and similar activities. Among the GPOs that accept administrative fees larger than 3%, the 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 payments from vendors for educational programs, to participate in conferences, and to use exhibit space at their annual membership meetings. In the instance of questions arising about these payments, member GPOs provide additional information upon request about vendor sponsorship, grant and exhibit fees.
- Contract Bid and Award Process: To reassure prospective vendors that the bid and award process is fair and transparent, 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 are focused on providing cost-effective products with the best value and services for their members and, ultimately, the patients they serve. GPOs' choices about contracts are driven primarily by the needs of 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

have repeatedly proven to be the most common procurement method according to survey respondents year-after-year. Single-sourced contracts remains rare among member GPOs, but do have their place in the healthcare group purchasing ecosystem. Single-source awards may be used when the GPO's membership determines that the structure is in their members' best interests, and are typically used when a dearth of competition exists for a product category. A limited number of HGPII signatories contract for multiple complementary items – known as “bundling” - in order to receive the best value for their members. HGPII members continue to maintain transparent and clear processes that ensure bundles are reasonable, appropriate and do not adversely impact competition.

- Opportunities to Contract for Innovative Products and Services: Member GPOs continue to seek out new technologies, products, and services that have recently arrived to the marketplace. This continual process benefits customers across the healthcare supply chain through the arrival of new products, increased supply, and lower costs. Member GPOs also have standard processes in place that allow them to assess promising vendors and rapidly enter into contracts for innovative products and services throughout the calendar year. This includes inserting uniform language into their contracts that allows them to enter into a new contract, at any time, with a new vendor offering an innovative technology product. Group purchasing organizations may also evaluate products and communicate with a variety of vendors, regardless of whether the vendor has a standing contract with the GPO. Finally, members are free to purchase non-contracted innovative products or services directly from non-participating vendors.
- HGPII notes that several members host innovation expos and open conferences that contribute to the visibility and availability of new healthcare technologies. These innovation activities have expanded substantially in recent years, and enable vendors with new products or services that may lead to lower costs, more supply, or technology innovations to engage with members.
- Vendor Diversity Programs: GPOs' prioritization of diversity development and contracting programs continue to advance opportunities for small, minority, veteran,

LGBTQ, women-owned and other historically disenfranchised vendors. Organizations have a myriad of tools to help expand access for disadvantaged vendors, including educational initiatives and internal business targets, designed to expand opportunities for vendors who are underrepresented in the group purchasing industry. More recently, GPOs have established contracts with underrepresented suppliers and pursued training, development, networking, and growth opportunities to strengthen those relationships. Other HGPII members collaborate with leading GPOs in this area to take advantage of existing development and training programs and professional networks. Although a small number of GPOs have standing Supplier Diversity Committees, or an internal expert that focuses exclusively on diversity issues and vendors led by underrepresented individuals, HGPII members are actively working to contract with businesses owned by people from historically underserved communities.

- Promoting the Use of Environmentally-Preferred Products (EPP) and Services:
The use of environmentally-preferred products continues to increase each year in certain categories. Because of this increase in market-driven demand, GPOs continue to expand access to environmentally-preferred products and services for groups across the healthcare supply chain. In addition to providing products to members, GPOs also request detailed supplier data about EPP products and services from suppliers, and upload this information to member-accessible interfaces in an effort to promote transparency and broader access to EPP. 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. Of interest more recently is an effort to track and benchmark the carbon emissions of GPO members' supply.
- Other Lines of Business Outside of the GPO Practice: Many HGPII members also offer consulting and analytics services aimed to improving their members' operational performance, reducing healthcare costs to manage inflation, 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 equals other portfolio offerings.

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

The yearly HGPII survey helps assess business practices that are common within the healthcare group purchasing industry. It's the most comprehensive assessment of its kind. As such, our experts have an unvarnished view of competition within this sector, which continues to see substantial transformation each year.

Within the group purchasing industry, competition remains fierce, which promotes the arrival of innovative approaches to service, delivery, value creation and product offerings. The broad array of organizations that comprise HGPII's membership, which are distinguished by organizations of different geographic diversities and scales, ensures a vigorous level of competition for national contracts and in local and regional contracts. These differences also ensure that organizations of all sizes throughout the group purchasing industry can exert pressure and bring cost savings to the healthcare system for their members. Based upon the past year's survey results and the most recent interviews of HGPII members, we can attest that robust competition exists in the group purchasing industry.

Stakeholders, large and small, and from varying locations, throughout the group purchasing industry have brought innovative technologies, harnessed data, and worked with suppliers to successfully leverage lower prices for health care providers. Responses to the annual survey continue to show that GPOs benefit entities across the health care supply chain by harnessing purchasing power from GPO networks to deliver lower costs for healthcare products and services.

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

HGPII members continue to facilitate the identification and adoption of novel technologies in the area of healthcare supplies, medical devices and services for their members. Member GPOs have a number of tools at their disposal to obtain new technologies, including hosting trade shows and vendor expos and participating in pitches that allow potential vendors to engage directly with healthcare suppliers.

HGPII members do not currently face any barriers to bringing new and innovative technologies online quickly. In addition, their internal experts frequently review recommendations for products that they receive from their members. This ability to quickly review and approve new products is bolstered by their ability to sign contracts for innovative technologies at any time during the bid, award, and contracting cycle. After an exhaustive review and interview process, we once again found that there are no prohibitions that limit the ability of GPO members to communicate directly with non-contracted vendors to assess their products and services.

Finally, HGPII members maintain the ability to purchase products and services directly from vendors with whom the GPOs do not contract.

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

HGPII's members strongly emphasize engaging suppliers that are diverse and underrepresented in the healthcare supply chain. This includes working to increase the role of businesses owned by women, people of color, the disabled, veterans, members of the LGBTQ community and small business owners. For many years, HGPII has endeavored to create more opportunities for businesses from historically underrepresented groups. A small sampling of member initiatives include:

- Premier runs a Supplier Diversity Program that focuses on growing the number of underrepresented suppliers and improving outcomes in the communities its members serve. For years, Premier has benchmarked the progress of its operations and the number of diverse suppliers. This robust data apparatus enables Premier to monitor the number of diverse suppliers and identify opportunities to pursue contracting opportunities that may benefit diverse suppliers.

In conjunction with its coaching and mentoring opportunities, Premier hosts a yearly Supplier Diversity Forum that highlights growing disadvantaged businesses, educates new suppliers about opportunities to grow their sales volume using contracting strategies, and promotes partnering between smaller suppliers and Premier's members.

- HealthTrust's Supplier Diversity Program is focused on engaging diverse suppliers who are seeking an opportunity to do business with HealthTrust members. HealthTrust's supplier diversity team attends local, regional, and national trade shows held by advocacy groups to reach diverse suppliers, and also periodically meets with account directors who work with members on matters such as contract compliance, cost reduction, quality improvement, and elimination of waste. HealthTrust's supplier diversity efforts target minority-owned businesses, women-owned businesses, veteran-owned small businesses and service-disabled veteran-owned businesses. This work is partially achieved by engaging companies whose ownership is certified by the National Minority Supplier Development Council, the Women's Business Enterprise National Council, and/or the U.S. Department of Veteran Affairs, among other certifying entities. 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. In some instances after the bid process has started or subsequent to an award, it is possible for a diverse supplier to submit a proposal to add a product or service to a contract, as per the terms of the HealthTrust diversity carve out language within HealthTrust's standard contract. HealthTrust's annual conference, "HealthTrust University," provides additional growth and education opportunities for diverse suppliers to learn about quality improvement, cost reduction and contract compliance.

- Vizient’s supplier diversity efforts have focused on identifying, vetting, and contracting with certified diverse suppliers on the national, regional, and local level since 1999. As a result, the organization reported significant spend through more than 179 diverse and small business agreements in 2021. Through its supplier diversity program, Vizient 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. This work is supported by Vizient’s four foundational principles - mentoring and enrichment, maximizing opportunities, fostering collaboration between members and diverse suppliers, and championing equity. Each pillar includes programming and initiatives that support members’ programs to impact their communities.

Additionally, Vizient enables members to track its tier 1 and tier 2 spending for diverse suppliers through an online portal, the Supplier Diversity Connection. Members are able to quickly link to all Vizient national diverse supplier contracts with one click and further identify the types of diverse suppliers through the search tools provided in the catalog. 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. HGPII Activities in Calendar Year 2022

2022 Annual Best Practices Forum

The Seventeenth Annual HGPII Best Practices Forum was held on July 14, 2022. This year, we used a hybrid in-person and remote attendance and presentation format due to the persistence of the COVID-19 pandemic. This format allowed a small number of representatives from signatories to the HGPII charter and healthcare supply chain stakeholders to gather under one roof, while attendees and panelists participated 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 annual event provides every HGPII member with a chance to discuss issues that are of particular interest in the industry in areas that relate to ethics and business practice.

This year's event continued to focus on ethics and best practices. It included sessions that focused 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 former U.S. Senator Doug Jones, who discussed the need to prepare for the next industry disruption. Other topics and panel discussions are described below.

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 changing demand throughout the economy and the resilience 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 lingering supply chain challenges. Senior executives participating in the panel discussion include:

- David A. Hargraves, Chairman, HGPII Steering Committee
- Jocelyn Bradshaw, Senior Vice President, 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.



Challenges of the Post-Pandemic World: Vetting Suppliers, Conducting Oversight, and Monitoring Contractors

Senior executives from across the healthcare supply chain discussed myriad challenges and opportunities facing the supply chain industry. Speakers participating in the panel discussion include;

- Derick Elliott, Vice President of Health Systems, Stryker Dave Myers, Group Vice President of National Accounts, Owens & Minor
 - Andy Whitman, SVP Government Affairs, Siemens Medical Solutions USA, Inc
- The panel was moderated by David Hargraves, HGPII Chairman

Perspectives on Drug Shortages and Pricing Issues During the COVID-19 Pandemic

Leading experts gathered to talk about the role that generic drug manufacturers play in maintaining the health of the nation. During this panel, participants discussed myriad shortage-related topics including quality issues, capacity constraints, plant closures, and reliance on foreign suppliers. Speakers during the panel included:

- Kevin Cook, VP of US Supply Chain, Novartis/Sandoz
- Jonathan Kimball, Vice President, Trade, International Affairs, and Strategic Initiatives, Association for Accessible Medicines

The panel was moderated by Phil English, HGPII National Coordinator

HGPII Advisory Council Presentation: Organizational Resilience and Crisis Management

Members of the HGPII Advisory Council engaged guests in an examination of changing ethics and compliance risks posed by people working from home, particularly with respect to their use of technology. During this panel, the HGPII Advisory Council Ethicists presented various scenarios that raised these issues and delved into the importance of maintaining up-to-date ethics and compliance programs. 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 Phil English, HGPII National Coordinator

Keynote Speaker: Senator Doug Jones, Counsel, ArentFox Schiff

Sen. Jones discussed opportunities for Group Purchasing Organizations to engage policymakers on issues important to the healthcare supply chain. As a former member of the Senate Health, Education, Labor and Pensions Committee, Senator Jones shared his perspective on the viewpoints of his former colleagues regarding actions Congress may take to prevent future medical supply disruptions.

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 consists 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 consists 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 vendor;

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****Children's Hospital Association**

ATTN: Jennifer Gedney
16011 College Blvd.,
Suite 250
Lenexa, KS 66219
Tel: (913) 262-1436
www.childrenshospitals.org

Innovatix, LLC

ATTN: John Sganga
75 Ninth Avenue
2nd Floor
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

Capstone Health Alliance

ATTN: Mark Landau
PO Box 130
Fletcher, NC 28732
Tel: (828) 418-5050
www.capstonehealthalliance.com

Acurity, Inc. (formerly GNYHA)

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

TPC

ATTN: Roger Nolan
5700 Granite Parkway
Suite 900
Plano, TX 75024
Tel: (469) 366-2100
www.tpc1.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

Healthtrust Performance Group

ATTN: Edward Jones
1100 Dr. Martin L King Jr Blvd
Suite 1100
Nashville, Tennessee 37203
Tel: (615) 344-3000
<http://healthtrustpg.com>

HPS

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

APPENDIX D**2022 HGPII STEERING COMMITTEE MEMBERS****DAVID HARGRAVES, STEERING
COMMITTEE CHAIR**

Senior Vice President, Supply Chain
Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5253
Email: David_Hargraves@PremierInc.com

Jennifer Gedney

Children's Hospital Association
ATTN: Jennifer Gedney
16011 College Blvd.
Suite 250
Lenexa, KS 66219
Tel: (913) 262-1436
Jennifer.Gedney@childrenshospitals.org

Edward Jones

President and Chief Executive Officer
HealthTrust Performance Group
1100 Dr. Martin L King Jr Blvd
Suite 1100
Nashville, Tennessee 37203
Tel: (615) 344-3000
Email: Edward.Jones@Healthtrustpg.com

Mike Alkire

Chief Operating Officer
Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5251
Email: Mike_alkire@premierinc.com

Simrit Sandhu

Executive Vice President
Vizient
290 E. John Carpenter Freeway
Irving, TX 75062
Tel: 972-830-6398
Email: simrit.sandhu@vizientinc.com

**APPENDIX E
2022 HGPII WORKING GROUP MEMBERS**

Rob Arreola

Chief Legal Officer & General Counsel
HealthTrust Performance Group
1100 Dr. Martin L King Jr Blvd
Suite 1100
Nashville, Tennessee 37203
Tel: (615) 344-3000
Email: Rob.Arreola@healthtrustpg.com

David Hargraves

Senior Vice President, Supply Chain
Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5253
Email: David_Hargraves@PremierInc.com

Tonya Goad

Ethics and Compliance Officer
HealthTrust Performance Group
1100 Dr. Martin L King Jr Blvd
Suite 1100
Nashville, Tennessee 37203
Tel: (615) 807-9505
Email: Tonya.Hunt@healthtrustpg.com

Shoshana Krilow

Vice President, Public Policy & Government
Relations
Vizient, Inc.
799 9th St NW Ste 210
Washington, DC 20001
Tel: (202) 354-2607
Email : shoshana.krilow@vizientinc.com

Alan Sauber

Chief Ethics and Compliance Officer
Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5253
Email: Alan_Sauber@PremierInc.com

Amy Campbell

Chief Administrative Officer
Yankee Alliance
138 River Road
Andover, MA 01810
Tel: 978-470-2000
acampbell@yankeealliance.com

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.

OWNERSHIP AND ORGANIZATIONAL STRUCTURE

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

2. Describe the composition of your Board of Directors or other governing body and reflect any changes from the previous HGPII reporting year. Include the following in your response:
 - Number of individuals serving on your Board;
 - Percentage of Board representing GPO customers;
 - Percentage of Board that are employees of the GPO; and
 - Percentage of Board members also serving as employees, officers, or directors of a participating vendor.

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

CONFLICT OF INTEREST

4. Describe the GPO's policies and procedures that address conflicts of interest for:
 - Employees in a position of influence with regard to contracting decisions;
 - Clinical Advisory Members; and
 - Members of the GPO's Board of Directors or other governing body.
 - 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 2022 ANNUAL BEST PRACTICES FORUM****HPGII ANNUAL BEST PRACTICES FORUM AGENDA****July 14, 2022**

*All of the conference sessions will be streamed virtually on the ON24 platform. Attendees will have the opportunity to ask questions of the panelists through the ON24 message feature.

9:30AM-9:45AM: Welcome, Introduction, and Opening Remarks

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

9:45AM-10:30AM: HGPII Steering Committee Panel

Senior GPO executives will discuss how group purchasing organizations have transitioned to “post-pandemic” operations to ensure predictability and reliability for members. This session is designed to provide attendees with a broad perspective about the state of group purchasing organizations and the future of the supply chain industry.

Moderator: Byron Dorgan, HGPII National Co-Coordinator

Panelists:

- David Hargraves, Chairman, HGPII Steering Committee
- Jocelyn Bradshaw, Senior Vice President, Strategic Sourcing, HealthTrust
- Simrit Sandhu, Executive Vice President, Strategic Transformation and Clinical-Supply Solutions, Vizient
- Jennifer Gedney, Vice President, Supply Chain Services, Children’s Hospital Association

10:30AM-11:15AM: Challenges of the Post-Pandemic World: Vetting Suppliers, Conducting Oversight, and Monitoring Contractors



Innovation remains the greatest tool available to the country's leading healthcare suppliers. During this panel, participants will discuss myriad challenges and opportunities facing the supply chain industry.

Moderator: David Hargraves, Chairman, HGPII Steering Committee

Panelists:

- Derick Elliott, Vice President of Health Systems, Stryker
- Dave Myers, Group Vice President of National Accounts, Owens & Minor
- Andy Whitman, SVP Government Affairs, Siemens Medical Solutions USA, Inc.

11:15AM-12:00PM: Perspectives on Drug Shortages and Pricing Issues During the COVID-19 Pandemic

The nation's generic drug manufacturers play an important role in maintaining the health of the nation. During this panel, participants will discuss myriad shortage-related topics including quality issues, capacity constraints, plant closures, and reliance on foreign suppliers.

Moderator: Phil English, HGPII National Coordinator

Panelists:

- Kevin Cook, VP of US Supply Chain, Novartis/Sandoz
- Jonathan Kimball, Vice President, Trade, International Affairs, and Strategic Initiatives, Association for Accessible Medicines

12:00PM-12:45PM: Keynote Speaker: Senator Doug Jones, Counsel, ArentFox Schiff

One of the nation's most well-known experts on law, justice, equality, and politics, Senator Doug Jones will discuss opportunities for Group Purchasing Organizations to engage policymakers on issues important to the healthcare supply chain. As a former member of the Senate Health, Education, Labor and Pensions Committee, Senator Jones will share his perspective on the viewpoints of his former colleagues regarding actions Congress may take to prevent future medical supply disruptions.

Introduction by: Byron Dorgan, HGPII National Co-Coordinator

12:45PM-1:15PM: Lunch Break and Technology Switch to the Second Session



1:15PM-2:00PM: Environmental, Social, and Governance Panel: A Discussion of the GPO Ecosystem

Several of the nation’s top Environmental, Social, and Governance (ESG) experts will embark on a discussion of “culture merging,” and promoting diversity and inclusion transformations amid mergers between health care organizations.

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.

2:00PM-2:45PM: Regulatory Roundup: Cybersecurity Issues Facing GPOs

The daily operations of the nation’s GPOs, their members, and the future of the health care supply chain, are shaped by myriad cybersecurity. Panelists will engage in discussions on issues regarding cybersecurity challenges, forced labor in the healthcare supply chain, and other regulatory issues.

Moderator: Oliver Spurgeon, HGPII Executive Director

Panelists:

- Douglas Grimm, Partner, ArentFox Schiff, LLP
- Angela Santos, Partner, ArentFox Schiff, LLP

2:45PM-3:30PM: HGPII Advisory Council Interactive Presentation: Has Your Ethics and Compliance Program Kept Pace With Changing Business Practices?

It is clear in ethics and compliance circles that the Code of Conduct cannot be a static “once and done” document, but rather, must keep pace with changing business practices. In this post-pandemic environment, we are recognizing the changing ethics and compliance risks posed by people working from home, particularly with respect to their use of technology. During this panel, HGPII Advisory Council Ethicists will present various scenarios that raise these issues and delve into the importance of maintaining up-to-date ethics and compliance programs.

Moderator: Phil English, HGPII National Coordinator

APPENDIX H
REGISTERED ATTENDEES 2021 HGPII BEST PRACTICES FORUM

First Name	Last Name	Company
Mike	Boggs	DPOPG
Denice	Aiello	Yankee Alliance
Shaleta	Dunn	Vizient, Inc.
Anita	Zado	Capstone Health Alliance
Phillip	Bateman	Capstone
Carolyn	Osolinik	Correia & Osolinik
David	Berry	Vizient, Inc.
Reny	Thrall	HPS
Mark	Pieper	Premier Inc
Shoshana	Krilow	Vizient
Kristin	Scott	Capstone Health Alliance
Donna	Webster	Capstone Health Alliance
Tabitha	Calloway	Capstone Health Alliance
Gina	Wells	Premier, Inc.
Angie	Edwards	Capstone Health Alliance
SHARON	ROBERTS	Premier
Ryan	Maccubbin	Capstone Health Alliance
Sonya	McCall	Capstone Health Alliance, Inc.
Michelle	Pleiness	HPS
Pam	Daigle	Premier Inc.
Jesse	Gonzalez	Yankee Alliance
Mitch	Walters	Provista
Kelly	Love	TPC
Duane	Bragg	Yankee Alliance
Kevin	Crampton	HPS
Melanie	Kawiecki	Yankee
Tim	Bugg	Capstone Health Alliance
Robin	Lincoln	Capstone Health Alliance
Jennifer	Davison	Yankee Alliance
Jackie	Dula	Capstone Health Alliance
Roger	Nolan	TPC
Heidi	Budd	Yankee Alliance
Justin	Schneider	Premier Inc.
Del	Jackson	Premier
Todd	Seanrd	Yankee Alliance
Paula	Prather	Yankee Alliance



Yolandi	Myers	Capstone Health Alliance
Thomas	LaPres	HPS LLC
Peter	Aftosmes	Premier Inc.
Mickey	Meehan	Conductiv
Brian	Hall	
Sapan	Goel	Premier
Kimberly	Diewald	Premier
Calan	O'Bryant	M3
Jillian	Jalbert	Yankee Alliance
Chris	Gormley	Conductiv
Nathan	Stock	HPS
Derick	Elliott	Stryker Corporation
Heather	McHale	Yankee Alliance
Patrick	Sudol	Premier, Inc.
Paula	Gurz	Premier Inc.
Tom	Kennedy	Yankee Alliance
Tonya	Goad	HealthTrust
Sandra	Hayter	Vizient
Hope	Childers	Capstone Health Alliance
Robert	Karcher	Premier Healthcare Solutions
Alex	Brown	TPC
Jeff	Little	Premier, Inc.
Tami	Maurer	Vizient, Inc.
Mark	Landau	Capstone Health Alliance
John	Young	HealthTrust
Joan	Ralph	Premier
Mitch	Steiner	Premier
Anna	Ormiston	Conductiv
Laura	Cieplik	Yankee Alliance
Millie	Kirk	Yankee Alliance
Shannon	Hunt	Premier
Cathleen	Wissman	ArentFox Schiff
Douglas	Grimm	Arent Fox, LLP
Laura	Doyle	HGPII
Soumi	Saha	Premier Inc
Jennifer	Gedney	Children's Hospital Association
Amy	Campbell	Yankee Alliance
Matt	Murphy	Yankee Alliance
Rodney	Waller	Vizient, Inc.
Todd	Lockhart	HealthTrust Purchasing Group
Sally	DeAngelis	Yankee Alliance
Kim	Anders	Premier
Todd	Ebert	HSCA



Allen	Hamilton	HSCA
Cristina	Indiveri	Vizient
Mark	Nixon	HealthTrust Purchasing Group
Oliver	Levick	Yankee Alliance
John	Thompson	Vizient
Guy	Wagner	HealthTrust
Don	Stutsman	Vizient
Kasey	Currier	Yankee Alliance
Margaret	Steele	Vizient, Inc.
Troy	Kirchenbauer	Vizient Inc.
Simrit	Sandhu	Vizient, Inc
Kevin	Galyean	Vizient
John	Dab	HealthTrust Purchasing Agreement
Sudha	Narayanaswamy	Premier
Daniel	Sjostedt	ArentFox Schiff
Jacqueline	Brevard	GEC Risk Advisory LLC;
John	Hasnas	Georgetown University
David	Hargraves	Premier, Inc.
Jessica	Daley	Premier, Inc.
David	Myers	Owens & Minor
Julie	Abrams	Children's Hospital Associates
Shanti	Beglane	Yankee Alliance
Amy	Double Carlson	Premier / Conductiv
Adam	Bain	Premier
Lavona	Turvey	Capstone Health Alliance
Robert	Ritchie	Yankee Alliance
Robert	Arreola	HealthTrust
Jocelyn	Bradshaw	HealthTrust
Meredith	Broadbent	Center for Strategic and International Studies
Carol	Olson	HealthTrust Purchasing Group
Matt	Cassidy	HealthTrust
Michael	Berryhill	HealthTrust
Joey	Tamboli	HealthTrust

APPENDIX I

HGPPII INDEPENDENT EVALUATION

PURPOSE

HGPPII, 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 HGPPII, 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 HGPPII Independent Evaluation (HGPPII Evaluation).

It is important to note the HGPPII 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.

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

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