



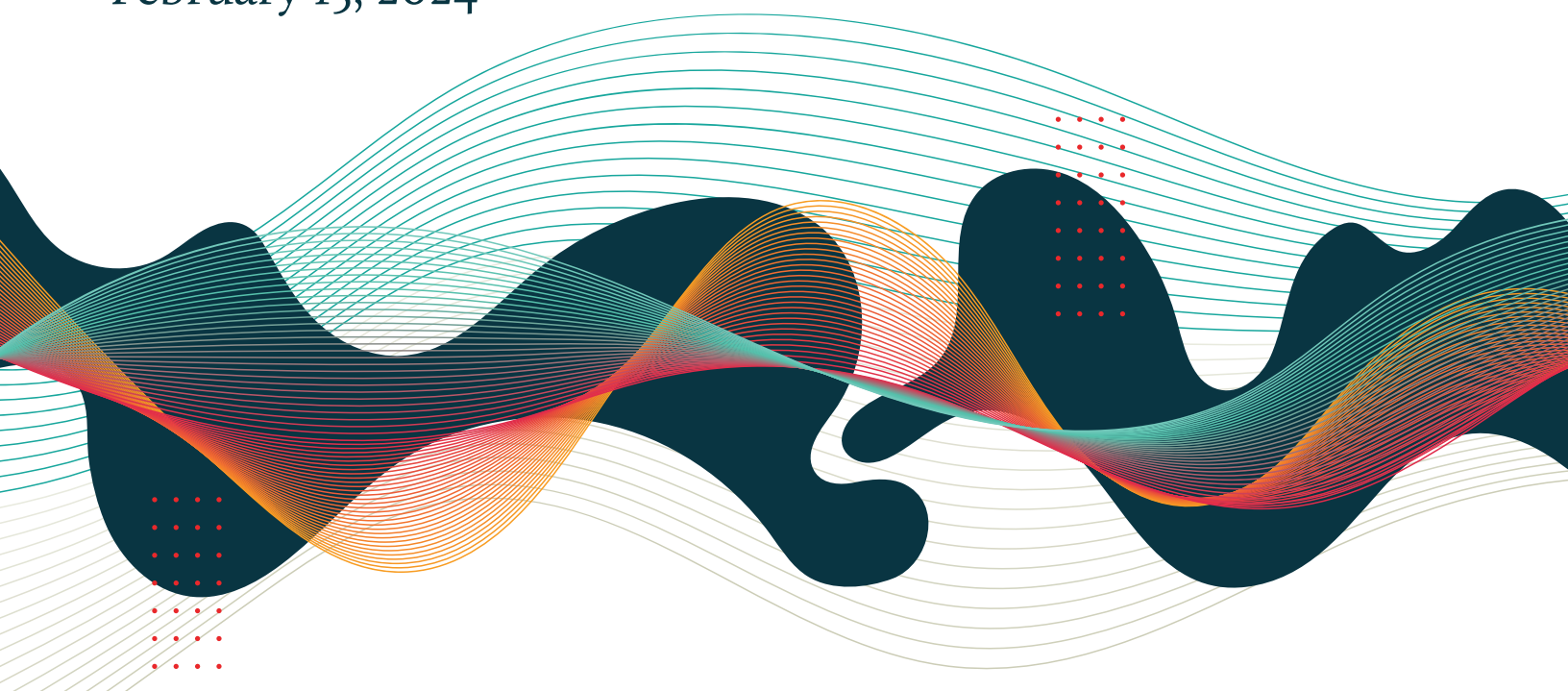
**ArentFox**  
**Schiff**

**HGPII** Healthcare  
Group Purchasing  
Industry Initiative

# Healthcare Group Purchasing Industry Initiative

18th Annual Report to the Public

February 15, 2024



**HGPII Coordinators**  
The Honorable Philip English  
The Honorable Byron Dorgan

**HGPII Executive Director**  
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**ArentFox Schiff LLP**

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# Executive Summary



## I. Executive Summary

The following is an executive summary of the 18th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII), an independent survey of policies, procedures, standards, and current developments within the group purchasing industry, and assessment of business practices, and cost related issues within the American health care supply chain. This report documents trends and assesses findings relative to the activities of healthcare group purchasing organizations (GPOs) in securing reliable and economical contracts for goods and services utilized by hospitals, nursing homes, and medical practices throughout the United States.

The report reflects an extensive survey, described below, which discloses the ongoing business activities of HGPII signatory companies and their adherence to agreed principles. The survey is conducted annually by the firm of ArentFox Schiff LLP, utilizing a team of experienced professionals with health policy expertise and a working knowledge of the healthcare supply chain.

The HGPII team concludes that group purchasing organizations are providing market savings to their customers in an increasingly challenging environment. Many of these conditions reflect the aftermath of the COVID-19 pandemic, accompanying systematic retrenchment, and increased public interest in GPO activities than in the recent past.

Our survey supports the following conclusions:

1. Every HGPII member organization has successfully completed its obligations by submitting a detailed review, completing verbal or in-person interviews, and participating in the Annual Best Practices Forum.
2. Healthcare GPOs have adapted to market challenges in the supply chain, including shortages, cost pressures, inflation, and persistent offshoring of many important healthcare products. We anticipate many of these issues will persist.
3. GPOs have taken elaborate steps and established favorable policies and programs to provide access to innovative healthcare products, including breakthrough technologies which support state of the art medical practices. As documented below, HGPII participants have developed extensive initiatives to bring new healthcare products on contract and make them available to providers.
4. HGPII members have developed and sustained positive ethical cultures, based on high standards, compliance programs, training, and transparency.
5. Healthcare group purchasing has placed a growing emphasis on sustainability, expanding green purchasing contracts in response to provider interest. Environmentally preferred products (EPP) are being promoted to improve patient outcomes and benefit the ecosystem.
6. GPO transparency has advanced the healthcare system, through ongoing commitments to competitive bidding, multisource contracting, and appropriate contract lengths.
7. GPO diversity programs are well established and aim to promote diverse supplier ownership within the healthcare supply chain. HGPII signatories have consistently created opportunities for minority-owned and under-represented suppliers and for their members to leverage institutional health spending to promote equity.
8. All HGPII members have in place vendor grievance processes that are publicly available, and ultimately linked to a HGPII default grievance arbitration system to protect suppliers.

9. Administrative fees for most GPO contracts remain stable and on average below the statutory standard.
10. Healthcare GPOs have continued to sharpen their use of data analytics to guide supply chain decision-making and provide benefits to healthcare providers in the marketplace. These organizational skills were beneficial to public partners and authorities during the pandemic and could be again in the future.

Our survey reveals a competitive and dynamic healthcare group purchasing industry charged with supporting quality healthcare through access to affordable, innovative, and dependable products. The sector benefits from a full range of large national purchasing firms competing (and sometimes partnering) with smaller regional or specialized GPOs and even startups. Healthcare GPOs will be challenged in coming years to continue to deliver cost savings and quality to benefit patients, and use the HGPII process to enforce high standards.

This report is the product of the comprehensive and member-focused HGPII process, which is managed by professionals 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 bolster compliance with industry standards, while doing so in coordination with antitrust counsel at ArentFox Schiff. The report in the following pages 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.

**Special Findings:  
GPO Role in Healthcare  
Innovation and Technology  
Breakthroughs**



## II. Special Finding: GPO Role in Healthcare Innovation and Technology Breakthroughs

One of the original issues for the healthcare GPO industry at the foundation of HGPII concerned the treatment of medical innovations and new products to improve the quality, economy, or safety of healthcare. All stakeholders acknowledged the importance of making medical improvements and breakthroughs available to healthcare providers as soon as possible. The HGPII Principles encourage the promotion of innovative products and services alongside cost savings.

HGPII has documented the efforts of its signatories to attract, identify, and make available medical innovations for their members. We have carefully considered the role of GPOs in fostering a dynamic healthcare system. Our interviews this year stressed this issue to quantify how GPOs are addressing the challenge.

- We conclude that since the launch of HGPII, leading healthcare GPOs have developed modern, sophisticated programs that mainstream innovative products and breakthrough technologies rapidly and with high standards. These programs differ, but commonly utilize a combination of institutional expertise, member experience, standard metrics and practical application to assess the need for new offerings and expedite their placement on contract.
- These organizations have also established aggressive and accessible activities to promote innovative products to their membership. These informational efforts are a source of expertise for hospitals, nursing homes, and medical practices making purchasing decisions.
- While there have been instances of disappointed suppliers, we have seen evidence that some breakthroughs have successfully used their relationships with GPO networks to access the supply chain with the benefit of national contracts.

Our HGPII Team has reviewed a variety of ongoing GPO innovation efforts and some of the outcomes of those efforts in order to assess their impact.

At HealthTrust, the online Innovation Center has collaborated with members to identify the next generation of breakthrough suppliers. A recent pilot project has brought to market an innovative ultrasound handheld holder for the insertion of IV catheters, which provides improved outcomes and improves the patient's comfort. The Innovation Center is developing a product acceleration pipeline for early-stage solutions to receive direct care team feedback and alignment with clinical need, while minimizing development need and cost. The company also sponsors a periodic Innovation Summit to feature and promote innovative contracts while providing opportunities for networking.

At Vizient, the Innovative Technology Program has a long-established review process which is standardized and predictable to produce fair outcomes. One recent new product is a revolutionary tendon repair system. Overall, in 2023 the program accommodated the review of 87 novel products, with 23 recommended for contracts and 17 executed at the time of publication. Vizient hosts an Innovative Technology Exchange conference that is widely attended and offers a platform for innovative products to be exposed. It designates innovative products in its catalog with a special logo, and offers innovative suppliers on contract the use of a special logo for their product.

At Premier, the Technology Breakthrough Program features a regimented but accessible intake process. This evaluates innovative products based on a variety of metrics: their value proposition relative to existing technology, product solution elements, regulatory issues, intellectual property status, breakthrough evidence, clinical outcomes, their safety profile, and quantifiable savings. In 2023, the program produced ten new suppliers and six breakthrough contracts, with 27 suppliers ready for interviews with the Value Analysis Committee. Premier's

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program is structured to promote innovation and member access to new technologies that accommodate cost savings while improving clinical outcomes and non-clinical operational efficiencies.

Other HGPII signatories also have innovation programs, and some piggyback on the efforts of larger organizations for national contracts. TPC encourages vendors to submit innovative products to a committee for an evaluation process. HPS channels innovative products to an Advisory Committee for careful evaluation, with the committee authorized to issue an RFP.

Given the importance of innovation and medical breakthroughs to the American health care system, and the scale of the medical marketplace, we believe that the rapid placement of fully vetted new products and the broad availability of the latest technology is a priority for healthcare consumers. HGPII has monitored this issue since its inception. We feel that participating GPOs have embraced internal policies that accommodate and ultimately promote this process.



# Findings



### III. Findings:

The 18th HGPII Annual Report reflects a healthcare environment that is less focused on pandemic-era shortages and nearshoring as recent editions have been. Instead, member GPOs have taken the lessons learned in recent years and focused on wrestling with the twin challenges of global inflation and unsteady supply chains. While the financial fortunes of hospitals, physician practices, and other non-acute providers have improved in some respects, these institutions are still dealing with dynamics regarding reimbursement and patient volumes. As such, member GPOs are adopting creative strategies and innovations around data, technology, and machine learning to mitigate many of these issues before they become crippling for healthcare institutions. As an industry, GPOs continue to focus on fostering transparency in their interactions with customers and policymakers, while promoting high standards in their operations. Based upon extensive interviews with the leadership of member GPOs, we find the following:

#### Minimal Pandemic Effects

Recent editions of the HGPII Annual Report have noted the significant role played by healthcare group purchasing organizations to limit potential disruptions in the medical supply chain by using available data and customized analysis. Today, the actions taken by GPOs have lessened the focus on the need to end shortages in certain pandemic-era categories like gowns and gloves. Along the same pattern, the intense focus on public-private cooperation that fostered the prominence of organizations like Healthcare Ready, has dissipated. Despite the decline of the aforementioned challenges, the market still wrestles with shortages in certain product categories like pharmaceuticals. However, member GPOs are harnessing their respective experiences from the COVID-19 pandemic to promote sound sourcing strategies and internal facing dashboards, which helps their members understand and navigate shortages, while pursuing alternative products.

#### Supply Chain Resiliency

During the pandemic, the term “resiliency” became synonymous with the group purchasing industry. Although resiliency remains a focus of GPOs across the country, it’s no longer the dominant phrase used by industry experts and relative newcomers to describe the core focus of group purchasing organizations. The pandemic-era conversation about moving away from distant suppliers and reducing the healthcare supply chain’s dependence on distant suppliers operating in varying business environments has diminished. In its place, industry experts continue to focus on creating a healthcare supply chain with more local production, adequate inventories, and better transparency.

HGPII member organizations utilized several approaches to help stabilize the healthcare supply chain over the past year. Some worked to scale their own machine learning models to identify when critical products and supplies might become unavailable. Others have partnered with suppliers to gather data, forecast demand, identify needed regulatory changes, and increase available supplies and allocate the supplies based upon need. Altogether, these efforts helped the supply chain move away from the product shortages that faced the industry in recent years, expand capacity across product categories, and provide members with improved forecast of demand for vital products.

#### Drug Shortages

The healthcare supply chain has seen vast improvements in recent years and extreme shortages that the industry faced in 2020 are nonexistent across most categories. However, the prescription drug category remains an area where shortages continued to occur over the past year. Lingering challenges highlighted in the 17<sup>th</sup> Annual HGPII Report are still present, including workforce challenges abroad and chokepoints in the delivery of active

pharmaceutical ingredients. GPOs remain positioned to work with actors across the healthcare marketplace to harness information and data about potential pharmaceutical shortages before they occur. Others have scaled specific programs that focus on rooting out drug shortages and providing guidance to members, including alternative drugs to manage shortages. We found most GPOs had experienced significant problems with shortages of drugs needed by hospital customers and had pursued the limited available opportunities for relief. Members found it difficult to identify the cause of drug supply shortages, which can occur in a number of fashions.

Our exchanges with HGPII signatories demonstrated their preference for a healthcare marketplace with robust transparency and early warning systems to predict supply shortages.

Examples:

- Premier is leveraging the power of data and continuing conversations with its members to boost supply capacity and alternatives. This information has led to a boost in supply and drug production at home and abroad. These data-intensive processes have helped the organization determine which supplies are most at-risk and where production can be increased to meet members' needs.
- Vizient was active on addressing drug shortages by working with policymakers on Capitol Hill and federal agencies. The organization made recommendations around transparency, active pharmaceutical ingredients, manufacturing locations, and reimbursing providers for buffer inventory levels.

### Data, Technology, and Artificial Intelligence

GPOs have used the power of data analysis and artificial intelligence to provide value for their members over the past year. Across the economy, artificial intelligence has been integrated into product offerings to improve employee performance, lower costs, and boost productivity. The healthcare supply chain has benefitted from the inclusion of these new technologies. In the hands of high-skilled employees and internal experts, group purchasing organizations are scaling customer-specific platforms and harnessing millions of data points related to member inventories, available supplies on the market, and potential product delivery bottlenecks.

Examples:

- Premier is using AI and machine learning to bolster clinical decision support. Premier is also accessing available data to look at the demand signals from their members and manufacturers, and adjusting to those signals accordingly. Finally, Premier is using advanced algorithms to predict drug shortages.
- Vizient is using data and advanced analytics to identify the purchasing trends which could lead to supply disruptions for their members. This information has been shared with federal agencies, policymakers, and published in the public domain. This information drives transparency with suppliers helps the organization track raw materials, and create buffer inventory so more critical drugs are available.

### Information Technology (IT) Innovations

Across the industry, GPOs have developed innovative IT systems to help share data with members and forecast market dynamics. While some of these dashboards were pandemic-era creations, their use is common today to provide better transparency and information sharing with members regarding supply challenges and demand forecasts.

### Examples:

- TPC uses a number of dashboards that have matured since the COVID pandemic. Because there are certain categories of products a hospital might be more susceptible to having shortages of, there are new pricing mechanisms in place that provides safeguards using the captured data. TPC continues to report on the supply chain, purchasing, and pharmaceuticals for its members through portals.
- Premier has developed the PINC AI Supply Disruption Manager, which uses machine learning models to identify when products and supplies are predicted to become unavailable. The tool helps staff manage stock, save time by finding alternative products, and reduce procedure cancellations due to supply limitations.

### Federal/State Partnerships

Maintaining contact with state and federal policymakers is one of the primary ways GPOs ensure policymakers understand the dynamic nature of the healthcare supply chain. 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 regularly engages with the US Department of Health & Human Services (HHS) and the Federal Emergency Management Agency (FEMA) to discuss supply chain disruptions, price spikes, gray-market suppliers, and ordering and demand trends. Vizient also works with legislative and regulatory policymakers to identify changes to support the financial, operational, and care-delivery needs of hospitals across the country.
- Parallel to their work with government agencies, HGPII members 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 met regularly with various federal agencies over the past year to respond to their requests for information and provide the agencies with valuable insights into the challenges GPOs face.

### Single Source Contracts

Multisource contracts are the most common across the industry and exist when products or services are available from multiple vendors. Single or sole source contracts represent a small percentage of GPO agreements. In most instances, single source GPO contracts reflect products that are new, have no generic equivalent, or no competing vendor. Sole source contracts are exceedingly rare, but HGPII members reserve the option to use additional suppliers in all categories, including single source contracts. Due to their limited use, we see no evidence indicating single source contracts were abused or employed in a manner inconsistent with best practices.

### Conflicts of Interest

After reviewing the collection of survey responses from member GPOs, we have found that HGPII's signatories all require comprehensive conflict of interest policies and procedures for staff and directors. As such, they remain in compliance with HGPII's mandate to prevent potential conflicts of interest for officers, employees, and suppliers. These policies are designed to prevent conflicts of interest and are outlined in the members' completed HGPII questionnaire.

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HGPII members must take several actions to avoid conflicts of interest, including an internal compliance and verification process, and conflict of interest training for key personnel. Ensuring members maintain conflict of interest policies is a core role of HGPII, and promotes a culture of ethics from the highest-ranking executives to the newest hires within each organization.

The HGPII charter signatories have met the respective deadline and commitments regarding conflicts of interest, including maintaining an internal process that allows conflicts of interest and other ethical violations to be reported anonymously and investigated.

# The Role of HGPII and its Mission



#### IV. The Role of HGPII and its Mission

In 2005, nine of the nation's leading group purchasing organizations (GPOs) serving the nation's hospitals formed HGPII as an independent entity to monitor, promote and develop best ethical and business practices throughout the healthcare supply chain industry. HGPII works 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 report highlights charter signatories' devotion to the core principles foundational to HGPII. Each member organization has completed and submitted the annual public accountability questionnaire (PAQ), which is available on HGPII's website and detailed in this report. By releasing this report each year and making it widely available, the healthcare group purchasing industry helps policymakers and the public understand recent events and market dynamics impacting the healthcare group purchasing industry's adherence to best practices and pursuit of a stronger healthcare supply chain.

HGPII is based in Washington, D.C. and operated 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.

The Annual Public Accountability Report is issued each year to track the member companies' devotion to, and use of, HGPII's six core principles of ethics and business compliance. Each year, HGPII members are required to complete the Annual Public Accountability Questionnaire. The questionnaire ensures member GPOs detail their business practice, and ensures member companies disclose the internal policies and procedures that promote best practices and high ethical standards. Each member company's response is available on HGPII's website, along with an overview of the responses used to inform the Annual Public Accountability Report. This universal commitment to transparency and openness helps the public, policymakers, and healthcare leaders assess HGPII members' commitment to the highest ethical standards and best business practices. After the release of the Annual Public Accountability Report in the first quarter of the year, every member of HGPII participates in the Annual Best Practices Forum during the summer months, which allows attendees to share information and best practices with policymakers and attendees from across the healthcare industry. The Annual Best Practices Forum was held in a hybrid format on September 27, 2023.

In the following pages, readers will find an overview of the primary operations of GPOs throughout the healthcare supply chain.



# Methodolgy





## V. Methodology

The 18th Annual Public Accountability Report is the result of the interviews of and written responses submitted by HGPII members during their completion of the Annual Public Accountability Questionnaire in 2023. The report represents the findings from a comprehensive survey detailing best practices, compliance efforts, operational standards, and ethical standards among group purchasing organizations. Each year, the questions posed in the questionnaire and the responses received, are updated to allow HGPII members to better report the latest innovations, market conditions, challenges and successes. After completion of the survey, the HGPII team conducts follow-up interviews with each participant surveyed. This follow-up process allows the HGPII team, and organizational leadership, to discuss 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 insight into their written survey response. Historically, two member companies are selected for annual site visits by the HGPII Coordinators. These site visits serve as 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.

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 questionnaire consisting of more than fifty questions requiring detailed 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 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.hgpii.com](http://www.hgpii.com).
7. As part of a mandatory Annual Best Practices Forum, the HGPII questionnaires are reviewed every year. All HGPII members discuss important elements of the questionnaire, implications, and improvements for the healthcare industry at large.
8. Each HGPII member is given an opportunity to review a draft copy of the Annual Report in advance of its release to the public. This allows members to provide any additional clarification or share needed comments. HGPII members are not permitted to make changes to the report; that role is strictly reserved for the independent HGPII Coordinators 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:**

<b>Acurity Inc.</b>	<b>HPS</b>
<b>Advocate Health Supply Chain*</b>	<b>Innovatix LLC</b>
<b>Capstone Health Alliance</b>	<b>Premier, Inc.</b>
<b>Children’s Hospital Association</b>	<b>TPC</b>
<b>CommonWealth Purchasing Group*</b>	<b>Vizient Inc.</b>
<b>HealthTrust</b>	<b>Yankee Alliance</b>

*\* New member, integration pending*

# **Overview of GPOs Adherence to Ethical Standards and Best Practices**



## VI. Overview of GPOs Adherence to Ethical Standards and Best Practices

AFTER AN EXHAUSTIVE REVIEW OF the Public Accountability Questionnaires, member interviews, and consultation with the HGPII charter signatories, we found that every HGPII member continues to meet the high ethical standards and business practices required to be a member of the organization. This trend is in line with the long-term adherence of HGPII members to promoting best practices which foster growth, transparency and innovation in the healthcare group purchasing industry. HGPII charter signatories continue to provide strong value for their members despite the challenges due to inflation and drug shortages. We found that members of HGPII continue to meet these standards due to the maintenance of several benchmark policies that reinforce integrity and best practice throughout their business models. The benchmarks are itemized in the list below:

### Activities that Support the Adoption of the Highest Ethical Standards

Business Structure and Conflicts of Interests: HGPII members must maintain a clear line of control in their ownership structures, including any parent or affiliated companies. HGPII members remain committed to reducing opportunities for conflicts of interest. As such, many members have a Board of Directors, or another governing body, which includes representatives promoting the GPOs' customers and employees. It's very uncommon for a Board member to serve in a dual capacity as an employee, officer, or director of a participating vendor.

- By instituting accessible and transparent policies to reduce the potential for conflicts of interest with their employees, HGPII members instill a culture of achieving best practices. By requiring employees to adhere to written conflicts of interest policies and requiring employees to regularly review these policies, member GPOs reaffirm their commitment to best practices throughout their business enterprise. Employees with the ability to influence purchasing outcomes are prohibited from securing equity in participating vendor companies; and in instances where an employee has an equity stake in a participating vendor, the employee is required to disclose the relationship 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 also extended, required of, and applied to employees' immediate family members in an effort to remove the possibility of other conflicts of interest. While several 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 provide vendors with a process to resolve disputes arising during the contract review process, every HGPII member has a vendor grievance process in place for their bids and awards. When compared to the significant volume of contract awards by HGPII charter signatories, 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 outlined on HGPII member websites.

There were no HGPII members who referred a grievance to HGPII for review and assistance over the past year. Many GPOs have developed transparent relationships with vendors to help facilitate clear communication with the vendor as well as a clear understanding of the contracting process. These working relationships also reduce vendor grievances due to defined processes. During this year's interviews, HGPII Members also noted that, despite their contractual relationships with vendors, any vendor who felt aggrieved in the bid and award process had the option to take advantage of the grievance process to resolve a conflict.

- Code of Conduct: HGPII members publicize a Code of Conduct outlining business ethics and acceptable conduct on their websites. These organizations all maintain procedures to ensure 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, member GPOs have a 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:** 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 we interviewed reiterated their efforts to create an ethical culture so 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 earn administrative less than 3% under their supplier agreements. Our review and conversations found a small number of HGPII members exceeded the 3% threshold in unique situations. Among those that earn administrative fees above 3%, the fees are typically associated with supplemental administrative services and similar activities. Among the GPOs who earn administrative fees above 3%, the fees are negotiated on an individual contract basis and are disclosed in compliance with federal Safe Harbor regulations.
- **Payment from Vendors:** GPOs accept fair market value 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:** Suppliers who are interested in competing for GPO contracts can find a description of the bid and award process on the respective company's website. Requests for Proposals (RFPs) are the most common method used by GPOs to source and 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 Related Products and Services:** HGPII members work to provide cost-effective products with the best value and services for their members. GPOs' decisions about contracts are driven by the needs of their members and chosen to achieve the best overall value and quality for healthcare providers. Dual and multi-sourced contracts are primarily used by HGPII members and have repeatedly been the most common procurement method used by survey respondents. Single-sourced contracts are rare among member GPOs but do play a role in the healthcare group purchasing ecosystem. Single-source awards are typically used when a dearth of competition exists for a product category. A limited number of HGPII signatories contract for multiple complementary items in order to receive the best value for their members. HGPII members continue to maintain transparent and clear processes to ensure such arrangements are reasonable, appropriate, and do not adversely impact

competition.

- **Opportunities to Contract for Innovative Products and Services:** Member GPOs continue to source new technologies, products, and services that have recently arrived in 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, allowing 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 which allows them to enter 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.
- Several HGPII members host innovation expos and online conferences, which contribute to the visibility and availability of new healthcare technologies. Due to the pandemic, these activities have expanded substantially in recent years and enable their customers to engage with vendors offering new products or services that may lead to lower costs, increased supply, or technology innovations.
- **Vendor Diversity Programs:** The development of diversity contracting programs continues to advance opportunities for small, minority, veteran, LGBTQ, women-owned, and other historically disenfranchised vendors. GPOs have developed many tools to help expand access for disadvantaged vendors, including educational initiatives and internal business targets. The most common practices among member GPOs who want to establish contracts with underrepresented suppliers include training, supplier development, networking, and growth opportunities to strengthen those relationships. Other HGPII members partner with larger GPOs who have experts working in this area to take advantage of existing development and training programs and professional networks. Across the board, HGPII members are actively working to contract with more businesses owned by people from historically underserved communities.
- **Promoting the Use of Environmentally-Preferred Products (EPP) and Services:**
  - The use of environmentally-preferred products remains a member priority in certain categories. Because of this unique market-driven demand, GPOs are expanding access to environmentally-preferred products and services for groups across the healthcare supply chain.
  - Other Lines of Business Outside of the GPO Practice: Consulting and analytics are among the other services offered by member GPOs to improving their members' operational performance, reduce healthcare costs to manage inflation, and enhance clinical performance.
- **GPO Use of Private Label Programs:** A portion of HGPII members have developed private label programs to provide additional supply of products at predictable prices for their members. In many instances, member GPOs charge an administrative fee for these programs that equals other portfolio offerings.

# Competition within the GPO Sector of the Healthcare Supply Chain



## VII. Competition within the GPO Sector of the Healthcare Supply Chain

The yearly HGPII survey helps assess common business practices within the healthcare group purchasing industry. It's the most comprehensive assessment of its kind. As such, our experts have a clear view of the market dynamics within the healthcare supply chain. Among member GPOs, substantial competition exists to provide services and supplies.

The fierce competition in the group purchasing industry continues to promote innovative approaches to service, delivery, value creation, and product offerings. The broad array of organizations comprising HGPII's membership, which are distinguished by organizations of different geographic diversities and headcounts, ensures a dynamic level of competition for national contracts as well as local and regional contracts. These distinctions help ensure organizations of all sizes throughout the group purchasing industry can bring cost savings to their customers, and ultimately, the healthcare system. Based upon the most recent interviews of HGPII members and their PAQs, we attest that robust competition exists in the group purchasing industry.

Stakeholders, large and small, and from varying regions throughout the group purchasing industry have brought innovative technologies, harnessed data, and worked with suppliers to successfully leverage lower prices for health care providers.



# **GPO's Role in Advancing New Technology and Innovation in the Healthcare Supply Chain**



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### **VIII. GPO's Role in Advancing New Technology and Innovation in the Healthcare Supply Chain**

HGPII members continue to facilitate the identification and adoption of breakthrough technologies in the area of healthcare supplies, medical devices, and services for their members. Member GPOs have several options 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. Additionally, their internal committees frequently review recommendations for products 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. There are currently no prohibitions that limit the ability of GPO members to communicate directly with non-contracted vendors to assess their products and services.



# **Promoting Greater Opportunities for Diverse Suppliers in the Healthcare Supply Chain**



## IX. 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 includes:

- Premier's Supplier Diversity Program focuses on growing the number of underrepresented suppliers and investing where its members serve. Premier continues to track the number of diverse suppliers. This enables Premier to monitor the number of diverse suppliers and identify opportunities to pursue contracting opportunities that may benefit those diverse suppliers.
- Premier also hosts a Supplier Diversity Forum that highlights growing disadvantaged businesses and promotes teaming between smaller suppliers and Premier's members.
- HealthTrust's Supplier Diversity Program is focused on attending local, regional, and national trade shows held by advocacy groups to reach diverse suppliers. HealthTrust's supplier diversity efforts target minority-owned businesses, women-owned businesses, veteran-owned small businesses and service-disabled veteran-owned businesses. 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.
- Vizient's supplier diversity efforts have focused on identifying, vetting, and contracting with certified diverse suppliers on the national, regional, and local level, Vizient helps its members champion inclusion in their supply chains and accelerate economic growth in their local communities 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 further identify the types of diverse suppliers through the search tools provided in the catalog.



# **HGPII Activities in Calendar Year 2023**



## **X. HGPII Activities in Calendar Year 2023**

### 2023 Annual Best Practices Forum

The Seventeenth Annual HGPII Best Practices Forum was held on September 27, 2023. Roughly forty representatives from signatories to the HGPII charter and healthcare supply chain stakeholders gathered in person, while attendees and panelists participated remotely to discuss best practices. The annual gathering provides HGPII members with a chance to discuss issues that are of particular interest in the industry in areas that relate to ethics and business practices. This year's event included sessions that focused on diversity, sustainability, and business partnerships, an update on the Biden Administration's supply chain priorities, and observations from many healthcare suppliers. The event was highlighted by twin keynote addresses. First from Chip Kahn, who discussed the need to ensure reimbursement for hospitals and legislation in Congress. Second, from Monica Gorman, who discussed opportunities and issues important to the healthcare supply chain, global competitiveness, and manufacturing industries.

Other topics and panel discussions are described below.

#### ***Steering Committee Panel***

Senior GPO executives discussed how group purchasing organizations have embraced innovative technology to ensure predictability and reliability for members. This session was designed to provide attendees with a broad perspective about the state of group purchasing organizations and the future of the supply chain industry. Senior executives who participated in the panel include:

- Guy Wagner, Chairman, HGPII Steering Committee
- David Hargraves, Senior Vice President, Supply Chain, Premier
- Simrit Sandhu, Executive Vice President, Strategic Transformation and Clinical-Supply Solutions, Vizient
- Amy Campbell, Chief Administrative Officer, Yankee Alliance

#### ***Artificial Intelligence and the Healthcare Supply Chain: Challenges and Opportunities***

Innovation remains the greatest tool available to the country's leading healthcare suppliers. During this panel, participants discussed the integration of artificial intelligence in the healthcare supply chain, and the challenges and opportunities facing the industry. Speakers during the panel included:

- Dan Castro, Vice President and Director, Center for Data Innovation, Information Technology & Innovation Foundation
- Peter Schwartz, Co-founder and Chief Science Officer, Altana

#### ***Partnerships and Patient Perspectives: Drug Shortages and the Healthcare Supply Chain***

A strong supply chain requires strong partnership among manufacturers, group purchasing organizations, and regulators. Panelists discussed the important role that partnerships between GPOs and community stakeholders play to maintain the health of the nation. Participants also discussed shortage-related topics, and highlighted

successful partnerships between industry and patient advocates. Speakers during the panel included:

- Laura Bray, Chief Change Maker, Angels for Change
- Jessica Daley, Group Vice President of Strategic Sourcing, Premier
- Katie Korte, Senior Director, Pharmacy Member Services, Vizient
- Chris French, Senior Director of Pharmacy Operations, HealthTrust Performance Group

***DEI Speaker: Gary Cunningham, Consultant, Cunningham Inc.***

GPOs leaders wrestle with a number of diversity, equity, and inclusion issues as the organizations chart a course of success. Mr. Cunningham drew on his background in health care and as the former President and CEO of Prosperity Now to discuss the latest developments in the healthcare DEI landscape and highlight emerging trends facing organizations along the nation's supply chain.

***Regulatory Roundup Update***

HGPII staff will updated and discussed the latest in proposed legislation and discussion drafts released by relevant Congressional committees and the legislative outlook for the remainder of the year as it pertained to GPOs. Speakers included:

- Oliver Spurgeon, HGPII Executive Director
- Daniel Sjostedt, ArentFox Schiff Policy Advisor

***HGPII Advisory Council Interactive Presentation: The Relationship Between Natural and Artificial Intelligence (Generative AI and Chat GPT)***

It's clear in ethics and compliance circles that experts must keep pace with changing business practices regarding artificial intelligence. In this evolving environment, panelists recognized the changing ethics and compliance risks posed by the use of artificial intelligence. During this panel, HGPII Advisory Council Ethicists presented various scenarios that raise these issues and delved into the risks and opportunities of artificial intelligence. Panelists included:

- Jacqueline Brevard, Senior Advisor, GEC Risk Advisory
- Dr. John Hasnas, Executive Director, Georgetown Institute for the Study of Markets and Ethics

# Appendices





## XI. Appendices

### APPENDIX A

#### CHARTER OF THE HEALTHCARE GROUP PURCHASING INDUSTRY

##### INITIATIVE (HGPII)

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

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

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

The HGPII Principles are:

1. Each Signatory shall have and adhere to a written code of business conduct. The code establishes high ethical values and sound business practices for the Signatory's group purchasing organization.
2. Each Signatory shall train all within the organization as to their personal responsibilities under the code.
3. Each Signatory commits itself to work toward the twin goals of high quality healthcare and cost effectiveness.
4. Each Signatory commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.
5. Each Signatory shall have the responsibility to each other to share their best practices in implementing the Principles; each Signatory shall participate in an annual Best Practices Forum.
6. Each Signatory, through its participation in this Initiative, shall be accountable to the public

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

##### Annual Public Accountability Questionnaire

On an annual basis, each Signatory organization files a report with the HGPII Coordinator that responds to the Annual Public Accountability Questionnaire (PAQ). These reports are available to the public, and are used by the HGPII Coordinator to compile a summary report on the adherence of Signatories to the Principles, as well as

evolving Best Practices in fulfillment of the Principles. The PAQ captures information about each Member GPO's business practices, codes of conduct, conflict of interest policies, fee structure, bid process, and many other in-depth issue areas.

### Organization

HGPII consists of a Steering Committee, a Working Group, and a HGPII Coordinator that govern the Initiative. The Steering Committee, which 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<sub>1</sub>;

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 vendor<sub>2</sub> 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 annually 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: Terri Wilson  
16011 College Blvd.,  
Suite 250  
Lenexa, KS 66219  
Tel: (913) 262-1436  
[www.childrenshospitals.org](http://www.childrenshospitals.org)

**Innovatix, LLC**

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

**Premier, Inc**

ATTN: Bruce Radcliff  
13034 Ballantyne Corporate Place  
Charlotte, NC 28277  
Tel: (877) 777-1552  
[www.premierinc.com](http://www.premierinc.com)

**Capstone Health Alliance**

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

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

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

**Advocate Health**

ATTN: Adrienne Ainsworth  
2939 W Montana Street  
Milwaukee, WI, 53215  
Tel: (414) 647-6215  
[www.advocatehealthsupplychainalliance.org](http://www.advocatehealthsupplychainalliance.org)

**TPC**

ATTN: Roger Nolan  
5700 Granite Parkway, Suite 900  
Plano, TX 75024  
Tel: (469) 366-2100  
[www.tpci.com](http://www.tpci.com)

**Vizient, Inc. (including MedAssets)**

ATTN: John Thompson  
290 East John Carpenter Fwy  
Irving, TX 75062  
Tel: (972) 581-5000  
[www.vizientinc.com](http://www.vizientinc.com)

**Yankee Alliance**

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

**Commonwealth Purchasing Group**

ATTN: Rich Napolitano  
40 Court Street – 10<sup>th</sup> Floor  
Boston, MA 02108  
Tel: (617) 834-7121  
[www.cwpurchasing.com](http://www.cwpurchasing.com)



**APPENDIX D**

**2023 HGPII STEERING COMMITTEE MEMBERS**

**DAVID HARGRAVES, STEERING COMMITTEE  
CHAIR**

Senior Vice President, Supply Chain  
Premier, Inc.  
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Charlotte NC 28277  
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Email: [David\\_Hargraves@PremierInc.com](mailto:David_Hargraves@PremierInc.com)

**Edward Jones**

President and Chief Executive Officer  
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**Simrit Sandhu**

Executive Vice President  
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**Jennifer Gedney**

Children's Hospital Association  
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**Mike Alkire**

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## APPENDIX E

### 2023 HGPII WORKING GROUP MEMBERS

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Chief Legal Officer & General Counsel  
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1100 Dr. Martin L King Jr Blvd  
Suite 1100  
Nashville, Tennessee 37203  
Tel: (615) 344-3000  
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**David Hargraves**

Senior Vice President, Supply Chain  
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Tel: (704) 816-5253  
Email: [David.Hargraves@PremierInc.com](mailto:David.Hargraves@PremierInc.com)

**Tonya Goad**

Ethics and Compliance Officer  
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**Shoshana Krilow**

Vice President, Public Policy & Government  
Relations  
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Washington, DC 20001  
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Email : [shoshana.krilow@vizientinc.com](mailto:shoshana.krilow@vizientinc.com)

**Alan Sauber**

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**Amy Campbell**

Chief Administrative Officer  
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Andover, MA 01810  
Tel: 978-470-2000  
[acampbell@yankeealliance.com](mailto:acampbell@yankeealliance.com)

## APPENDIX F

### 2023 PUBLIC ACCOUNTABILITY QUESTIONNAIRE



## 2023 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2023.  
Please return your response to [jeri.freirich@afslaw.com](mailto:jeri.freirich@afslaw.com) no later than  
**June 2, 2023.**

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### OWNERSHIP AND ORGANIZATIONAL STRUCTURE

1. Describe the ownership structure of your GPO and/or its parent or affiliated companies, including details regarding the following:
  - Person(s) or entities that control the majority of voting interests in your GPO;
  - The types of equity holders of your GPO (e.g., publicly-held company, healthcare providers, individuals, for-profit and/or not-for-profit entities);
  - The corporate form of your GPO and/or its parent or affiliated companies – such as corporation, partnership, limited liability company, co-op;
  - Whether the GPO is organized as a for-profit or not-for-profit organization; and
  - Location of corporate headquarters.
2. Describe the composition of your Board of Directors or other governing body and reflect any changes from the previous HGPII reporting year. Include the following in your response:
  - Number of individuals serving on your Board;
  - Percentage of Board representing GPO customers;
  - Percentage of Board that are employees of the GPO; and
  - Percentage of Board members also serving as employees, officers, or directors of a participating vendor.
3. Indicate whether any equity holder of your GPO and/or its parent or affiliated companies is a physician (or an immediate family member of a physician).

### CONFLICT OF INTEREST

4. Describe the GPO's policies and procedures that address conflicts of interest for:
  - Employees in a position of influence with regard to contracting decisions;
  - Clinical Advisory Members; and
  - Members of the GPO's Board of Directors or other governing body.

As part of your response, provide details about reporting requirements for conflicts and provide a copy of written policies.

5. Describe actions the GPO takes to avoid conflict of interest issues for members of the Board of Directors (e.g. disclosure and/or prevention of equity investments in participating vendor relationships and acceptance of gifts/meals/travel/entertainment paid for by vendors).
6. Describe the GPO's policies and procedures that address activities, including other lines of business of the GPO and/or its affiliates (including non-GPO services and strategic investments) that might constitute conflicts of interest to the independence of its purchasing activity.

#### **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.

## COVID-19 RESPONSE

46. With the onset of the COVID-19 pandemic many healthcare providers experienced shortages of critical supplies and equipment due to disruptions in the supply chain. In response, how did your organization assist its members in assessing the quality and reliability of supplies? Specifically, what role did your organization play in vetting new and previously unknown supply chain sources, especially within the so-called Grey Market?
47. Please describe your organization 's role in advising and supporting federal and state policy makers in managing the healthcare supply chain during the pandemic, including cooperation with federal and state stockpiles?
48. As a response to pandemic related challenges and supply chain disruptions, what technology services and IT products did your organization provide to members and their patients? What information and best practices services did you provide to the public?



## APPENDIX G

### HPGII ANNUAL BEST PRACTICES FORUM AGENDA

September 27, 2023

\*All 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

Guy Wagner, Chairman, HGPII Steering Committee

Byron Dorgan, HGPII Co-Coordinator

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

Senior GPO executives will discuss how group purchasing organizations have embraced innovative technology 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:**

Guy Wagner, Chairman, HGPII Steering Committee

David Hargraves, Senior Vice President, Supply Chain, Premier

Simrit Sandhu, Executive Vice President, Strategic Transformation and Clinical-Supply Solutions, Vizient

Amy Campbell, Chief Administrative Officer, Yankee Alliance

#### 10:30AM-11:15AM: Artificial Intelligence and the Healthcare Supply Chain: Challenges and Opportunities

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

**Moderator:** Phil English, HGPII National Coordinator

#### **Panelists:**

Dan Castro, Vice President and Director, Center for Data Innovation, Information Technology & Innovation Foundation

Peter Schwartz, Co-founder and Chief Science Officer., Altana

**11:15AM-12:00PM: Keynote Speaker: Chip Kahn, President and CEO, Federation of American Hospitals**

As a long-time healthcare leader, Chip Kahn, will discuss the impacts of GPOs on hospitals, advancements in patient care, and health outcomes. Repeatedly named as one of the most powerful people, Kahn will share his perspective as a leader, healthcare expert, and advocate for a robust healthcare supply chain.

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

**12:00PM-12:45PM: Partnerships and Patient Perspectives: Drug Shortages and the Healthcare Supply Chain**

A strong supply chain requires strong partnership among manufacturers, group purchasing organizations, and regulators. Panelists will discuss the important role that partnerships between GPOs and community stakeholders plays to maintain the health of the nation. During this panel, participants will discuss shortage-related topics, and highlight successful partnerships between industry and patient advocates.

**Moderator:** Oliver Spurgeon, HGPII Executive Director

**Panelists:**

Laura Bray, Chief Change Maker, Angels for Change

Jessica Daley, Group Vice President of Strategic Sourcing, Premier

Katie Korte, Senior Director, Pharmacy Member Services, Vizient

Chris French, Senior Director of Pharmacy Operations, HealthTrust Performance Group

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

**1:15PM-1:45PM: Keynote Speaker: Monica J. Gorman, Deputy Assistant Secretary for Manufacturing, International Trade Administration**

One of the nation's most well-known experts on supply chain and trade issues, Monica Gorman, will discuss opportunities and issues important to the healthcare supply chain, global competitiveness, and manufacturing industries. As a former Vice President of Responsible Leadership & Global Compliance at New Balance Athletics,

Inc., and current Deputy Assistant Secretary for Manufacturing, Gorman will share her perspective, highlight the Biden administration's manufacturing, and supply chain priorities.

**Introduction by:** Byron Dorgan, HGPII National Co-Coordinator

1:45PM-2:15PM: **DEI Speaker: Gary Cunningham, Consultant, Cunningham Inc.**

GPOs leaders wrestle with a number of diversity, equity, and inclusion issues as the organizations chart a course of success. Mr. Cunningham will draw on his background in health care and as the former President and CEO of Prosperity Now to discuss the latest developments in the healthcare DEI landscape and highlight emerging trends facing organizations along the nation's supply chain.

**Introduction by:** Oliver Spurgeon, HGPII Executive Director

2:15PM-2:50PM: **Regulatory Roundup Update**

HGPII staff will update and discuss latest proposed legislation and discussion drafts released by relevant Congressional committees and legislative outlook for the remainder of the year as it pertains to GPOs.

**Moderated by:** Phil English, HGPII National Coordinator

**Panelists:**

Oliver Spurgeon, HGPII Executive Director

Daniel Sjostedt, ArentFox Schiff Policy Advisor

2:50-3:35PM: **HGPII Advisory Council Interactive Presentation: The Relationship Between Natural and Artificial Intelligence (Generative AI and Chat GPT)**

It is clear in ethics and compliance circles that experts must keep pace with changing business practices regarding artificial intelligence. In this evolving environment, we are recognizing the changing ethics and compliance risks posed by the use of artificial intelligence. During this panel, HGPII Advisory Council Ethicists will present various scenarios that raise these issues and delve into the risks and opportunities of artificial intelligence.

**Moderator:** Phil English, HGPII National Coordinator

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**Panelists:**

Jacqueline Brevard, Senior Advisor, GEC Risk Advisory

Dr. John Hasnas, Executive Director, Georgetown Institute for the Study of Markets and Ethics

**3:35PM-3:45PM: Closing Remarks**

HGPII's National Coordinator will close out the day by recapping highlights of sessions and discussing the future of the group purchasing industry.

Phil English, HGPII National Coordinator

## APPENDIX H

### HGPII 2023 Forum Attendee Directory

First Name	Last Name	Company
Kurt	A Henry	Vizient, Inc.
Kim	Allen	HealthTrust
Jennifer	Andersen	Premier, Inc.
Robert	Arreola	HealthTrust
David	Berry	Vizient, Inc.
Desirae	Bibeau	Yankee Alliance
Molly	Bohanan	Yankee Alliance
Jocelyn	Bradshaw	HealthTrust
Duane	Bragg	Yankee Alliance
Alex	Brown	TPC
Heidi	Budd	Yankee Alliance
Tim	Bugg	Capstone
Amy	Campbell	Yankee Alliance
Alex	Cherry	HealthTrust
Alison	Collier	HealthTrust
Chad	Connelly	Premier Inc.
Nicholas	Cross	Yankee Alliance
Pamela	Daigle	Premier, Inc.
Jessica	Daley	Premier, Inc.
Jennifer	Davison	Yankee Alliance
Kimberly	Diewald	Premier, Inc.
Laura	Doyle	HGPII
Jackie	Dula	Capstone
Shaleta	Dunn	Vizient, Inc.
Whitney	Earnest	HealthTrust
Todd	Ebert	HSCA
Angie	Edwards	Capstone
Philip	English	ArentFox Schiff
Tim	Farr	HealthTrust
Chris	French	HealthTrust
Rebecca	Gayden	Vizient, Inc.
Nicholas	Giovino	HealthTrust
Tonya	Goad	HealthTrust
Beth	Godsey	Vizient, Inc.

Jesse	Gonzalez	Yankee Alliance
Scott	Grubenhoff	Vizient, Inc.
Paula	Gurz	Premier, Inc.
Brian	Hall	Premier, Inc.
David	Hargraves	Premier, Inc.
Hannah	Havemeier	Children's Hospital Association
Sara	Hayes	Yankee Alliance
Michelle	Hogerty	CHA
Cristina	Indiveri	Vizient, Inc.
Del	Jackson	Premier, Inc.
Jillian	Jalbert	Yankee Alliance
Michael	Jones	Yankee Alliance
Madison	Jordan	Children's Hospital Association
Robert	Karcher	Premier, Inc.
Melanie	Kawiecki	Yankee Alliance
Tom	Kennedy	Yankee Alliance
Daniel	Kistner	Vizient, Inc.
Shoshana	Krilow	Vizient, Inc.
Bonnie	Lai	Vizient, Inc.
Mark	Landau	Capstone
Robin	Lincoln	Capstone
Kyle	Lindholm	Yankee Alliance
Kelly	Love	TPC
James	Ludwig	Premier, Inc.
Ryan	Maccubbin	Capstone
Rachel	Martin	Vizient Inc.
Betsy	Mayo	Yankee Alliance
Sonya	McCall	Capstone
Chris	McDown	Vizient, Inc.
Abigail	Merryman	HealthTrust
Susan	Milner	Yankee Alliance
Chad	Mitchell	Vizient, Inc.
Allison	Muccini	Yankee Alliance
Matt	Murphy	Yankee Alliance
Yolandi	Myers	Capstone
Mark	Nixon	HealthTrust
Carolyn	Osolinik	Vizient, Inc.
Mark	Phalen	TPC
Melanie	Proctor	Premier, Inc.
Wayne	Russell	Premier, Inc.

Simrit	Sandhu	Vizient, Inc.
Justin	Schneider	Premier, Inc.
Todd	Senard	Yankee Alliance
Breanee	Sergent	HealthTrust
David	Shamlin	TPC
Micah	Smith	Provista
Oliver	Spurgeon	ArentFox Schiff
Patrick	Sudol	Premier, Inc.
John	Thompson	Vizient, Inc.
Allison	Treanor	Premier, Inc.
Guy	Wagner	HealthTrust
Rodney	Waller	Vizient, Inc.
Mitch	Walters	Vizient, Inc.
Donna	Webster	Capstone
Kim	Wenger	Vizient, Inc.
Allen	Wright	HealthTrust
Molly	Zmuda	Vizient, Inc.

## APPENDIX I

### HGPII INDEPENDENT EVALUATION

#### PURPOSE

HGPII, 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 HGPII, 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 HGPII Independent Evaluation (HGPII Evaluation).

It is important to note the HGPII 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.

For more information about AAA, see [www.adr.org](http://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.





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**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](http://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, Practising 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.

