

February 18, 2026

To whom it may concern:

The following document is the 20th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII), an independent ethics and transparency organization consisting of member healthcare group purchasing organizations committed to pursuing state-of-the-art business practices and the highest standards. This report summarizes our findings after conducting the most comprehensive ongoing survey of the healthcare GPO industry in America. It reflects our conclusions about the state of the medical supply chain and its critical role in the domestic healthcare system, at a time when that system is facing serious cost issues while managing a challenging scale of change.

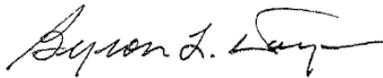
Our report reflects our own independent views of the issues facing today's GPO industry. It was assembled with the support of our professional team at ArentFox Schiff LLP. We interviewed each member of the Initiative individually, reviewing their compliance with the HGPII Charter. We appreciate the cooperation of their leadership and experts in the year-long process.

We hope that this report will be a valuable resource to healthcare providers, suppliers, policymakers, and stakeholders in the healthcare system, including citizens seeking a better understanding of the importance of modern purchasing practices in the pursuit of healthcare quality, affordability, and innovation. We welcome your review and response.

Sincerely,



Hon. Philip English



Hon. Byron Dorgan

National Co-Coordiators
Healthcare Group Purchasing Industry Initiative



ArentFox
Schiff

HGPII Healthcare
Group Purchasing
Industry Initiative

Healthcare Group Purchasing Industry Initiative

20th Annual Report to the Public

February 18, 2026



HGPII Coordinators
The Honorable Philip S. English
The Honorable Byron Dorgan

HGPII Executive Director
Oliver Spurgeon III

ArentFox Schiff LLP

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Executive Summary



Executive Summary

The healthcare group purchasing industry is continuing to adapt to a challenging environment. The American healthcare system is encountering a panoply of issues, some novel and others legacy. Together, they are impacting the quality, availability, and cost of care at all levels. Conditions in the healthcare supply chain reflect this strain and have long-term consequences for the system-institutions, providers, and suppliers alike.

In this dynamic healthcare sector, healthcare group purchasing organizations (GPOs) are applying innovative strategies to generate cost savings, manage supply, and utilize technology. Using institutional expertise, GPO networks are competitively linking healthcare providers with suppliers of medical goods and relevant services with high standards and competitive pricing. They are reprising their long-standing historic role as advocates for health institutions, big and small, in a highly dynamic system.

This 20th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII) presents an independent survey of policies, procedures, standards, and current developments within the healthcare group purchasing industry, including an assessment of business practices and cost-related issues within the American healthcare supply chain. This report documents trends and assesses findings relative to the activities of healthcare 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 ethical principles. The survey is conducted annually by 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 GPOs 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 increasing public interest in GPO activities than in the recent past.

Our survey supports the following conclusions:

- I. Each of the HGPII signatory member organizations have met their obligations under our charter and have active compliance systems in place conforming with best practices. All HGPII GPOs demonstrated working, current systems supporting appropriate policies.
- II. All GPOs are adopting individualized strategies to overcome common obstacles: supply shortages (sudden and difficult to predict), logistical snarls, natural disasters, and trade policy changes. These are exacerbated by a lack of supply redundancy.
- III. Each has demonstrated strong commitments to sustaining an ethical culture in their operations.
- IV. Every member organization has met high standards for transparency in their GPO service practices.
- V. Although our survey does not measure specifics, we see substantial evidence that member GPOs are generating substantial net savings nationally for the healthcare system.
- VI. In our review of the industry, we see compelling evidence that the GPO sector is highly competitive, with individual organizations innovating to achieve relative advantages. Vigorous competition exists between GPOs of differing sizes and specializations.
- VII. Drug shortages remain a concern in some hospital settings, although GPO analytics are improving responses. The causes of drug shortages appear varied and are beyond the scope of our survey.

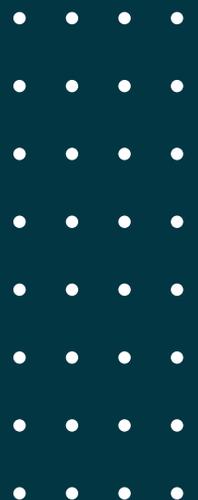
- VIII. The domestic onshoring of suppliers in key parts of the healthcare supply chain remains elusive, while a priority. There is some expectation that more domestic production of medical products will occur stateside in the future, but significant manufacturing of component parts and finished goods remains international.
- IX. GPOs continue to create a pathway to market for innovative products and access to providers for medical breakthroughs and startups. GPOs create opportunities for suppliers of all kinds to take novel products to national markets.
- X. HGPII member organizations continue to deploy administrative fees to finance their operations, which remain generally low. There is little evidence that these fees adversely impact the medical marketplace.
- XI. Healthcare GPOs are distinguished in purpose and effects from “GPOs” owned by pharmacy benefit managers (PBMs) (also known as “rebate aggregators” or “rebate GPOs”), which use internal group purchasing mechanisms to aggregate drug rebates. It’s important that health policy leaders understand this distinction: HGPII does not monitor PBM activities, nor do they meet our transparency standards.
- XII. Many GPOs are responding to a rising demand for sustainable medical products and are competing on the basis of permitting health systems to use their purchasing power to promote desirable environmental outcomes while limiting patient exposure to hazards.
- XIII. The group purchasing industry continues to remain in full compliance with the existing safe harbor for their activities under the Federal Anti-Kickback Statute (AKS), which enables transparency and enhances their cost-saving contracting methods.

Our report reflects the striking scale of change that HGPII has witnessed in the healthcare marketplace over the past 20 years. Our team at ArentFox Schiff LLP has strived to represent the current conditions in the supply chain, highlighting industry standards and evolving best business practices.

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 on 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: Impact of Trade Policy Changes on Group Purchasing



Special Finding I: Impact of Trade Policy Changes on Group Purchasing

After surveying our members, we have concluded that trade policies (tariffs, sanctions, and other restrictions on international trade) have so far had only a limited impact on prices in the healthcare supply chain and on the operations of GPOs, despite the continuing importation of many medical products from foreign sources. This, however, may change if policies remain unstable.

Healthcare GPOs utilize a business model that anticipates predictable costs in order to secure multi-year contracts for healthcare products, leveraging savings for participating providers. In the current trade environment, volatile tariff levies and other policy ambiguities create an environment of uncertainty that complicates GPO operations. The volatility has direct consequences for contracting, pricing, and supply availability. HGPII members have cited complications in supplier cost modeling and pricing, and shared concerns that some suppliers might exit core categories.

With suppliers acting as an initial buffer to tariff changes, there is little evidence that prices in the healthcare supply chain have spiked as a result. Our survey will have more anecdotal evidence as a basis for conclusion in the future. However, we can conclude that the uncertainty itself created by disruptive policies is consequential for GPOs. Our members have cited instances of mid-term increase requests and contract flexibility that is supplier-specific. In general, we believe that policymakers should monitor the ongoing impact of any continuing trade policy volatility on the healthcare supply chain, and how long-term contracts and budgets are impacted. We also expect these persistent conditions will further incentivize onshoring and reshoring production and highlight the benefits of greater supplier redundancy.

Special Finding II: AI and the Healthcare Supply Chain

Although there is widespread anticipation of the transformative effect of artificial intelligence (AI) on the medical practice and institutions, there has been less attention to how it will affect the healthcare supply chain. We believe that it will be extremely significant, and healthcare GPOs will play a critical role in the dissemination of these new technologies.

Healthcare GPOs will be well-positioned to assess AI products for their members by utilizing processes they already have in place — namely to vet breakthrough products and new medical technologies. GPOs will play an immediate role in adapting AI tools and other innovative technologies to clinical services.

AI is already realizing an enormous potential to transform the workings of the supply chain itself. This technology will have ongoing applications for demand planning, inventory optimization, and disruption forecasting, supporting the operations of GPO networks. GPOs will utilize AI to support core functions such as contract drafting and negotiations. Other AI applications will include inventory visibility and data processing, with potential leaps in productivity with the retention of quality and compliance standards. Healthcare supply chain evolution by AI will, by way of our findings, require the adaptation of AI tools to address cybersecurity concerns.

We recommend that federal and state healthcare policies be designed in recognition of the potential of AI technology to benefit the supply chain, and that any regulation of AI permits its evolution to contribute to supply chain productivity and resilience.



Findings



Findings:

The 20th HGPII Annual Report showcases a healthcare group purchasing marketplace that has largely stabilized from the COVID-era supply shocks that spurred interest in domestic production for certain categories like personal protective equipment (PPE). As such, global marketplaces have improved redundancy, capacity, and supply continuity; however, HGPII's members continue to orient themselves in myriad ways to accommodate market dynamics, address shortages, boost access to critical supplies, navigate tariff rates, and emphasize the need to lower costs for critical healthcare entities. Rather than focus on the post-pandemic experiences of HGPII's charter signatories, the 20th HGPII Annual Report focuses on fluctuations in cost, efforts to address supply shortages, the arrival of AI products to prevent logistical disruptions, and the impact of these factors on the healthcare supply chain and purchaser pricing.

While prior editions of the Annual Report highlighted the post-pandemic challenges of global inflation and unsteady supply chains that impacted HGPII's member GPOs, today's marketplace presents different variables for GPOs to consider — namely, tariff and trade shocks and the continued adoption of AI to manage the supply chain. Considered jointly, these topics continue to dominate conversations about the present and future healthcare supply chain and the ability of HGPII member GPOs to provide affordable and accessible medical supplies and services for hospitals, physician practices, Federally Qualified Health Centers (FQHCs), and other non-acute providers. As such, HGPII's members are harnessing AI, data, technology, and machine learning to mitigate supply chain issues before they become crippling for healthcare institutions, although not every shock to the healthcare supply chain can be predicted by technology. Based upon extensive interviews with the leadership of member GPOs, we find the following:

Onshoring/Nearshoring

Given the global nature of the healthcare supply chain and recent emphasis on nearshoring the production of critical supplies coming out of the COVID-19 pandemic, interviewees emphasized that discussions about nearshoring have somewhat diminished in recent years. Interest in nearshoring and onshoring remains; however, the biggest consideration for domestic manufacturers is the cost of producing critical supplies. We repeatedly heard during interviews that price competitiveness remains a central barrier to increasing U.S. manufacturing in high-volume infection control products. Across HGPII's membership, stakeholders consistently raised the idea of implementing targeted incentives by government agencies that would need to be broadly adopted in order to substantially shift the amount of U.S.-based production of medical supplies. Aside from the high cost associated with producing items domestically, several stakeholders mentioned the impact of multi-year timelines for re-siting manufacturing that would likely span different political regimes with different philosophies about domestic manufacturing.

Improving The Public's Understanding of PBM Rebate Aggregators

In an effort to ostensibly maximize profits and limit scrutiny from the public and policymakers, PBMs have created entities, primarily outside of the United States, which they are calling "GPOs," for the purpose of aggregating and maximizing rebates earned on PBM pharmaceutical purchases. HGPII and its members have called attention to the fact that these PBM-owned "GPOs" do not operate with the same transparency standards, fee structures, and requirements as traditional healthcare GPOs, which abide by the transparency and fee structure established by the GPO Safe Harbor to the AKS. To prevent confusion among policymakers and industry stakeholders about how "rebate aggregators" differ from traditional healthcare GPOs, signatories to the HGPII charter have focused on their long history of reducing prices and boosting supplies for their member healthcare providers — not maximizing profit and obscuring scrutiny from policymakers and the public.

Importance of Maintaining the Statutory and Regulatory Safe Harbor for Healthcare GPOs

The 3% administrative fee threshold established by the GPO Safe Harbor to the AKS remains the gold standard for the healthcare GPOs that comprise HGPII's membership. Signatories to the HGPII charter are well acquainted with this

standard, and the GPO industry continues to deliver value for customers, limit supply shortages, and deliver value for America's healthcare purchasers while working within the confines of the statute. HGPII's members report that any major changes to the GPO Safe Harbor would disrupt the industry and lead to higher costs for consumers and healthcare institutions. Some member GPOs noted that the 3% guidepost on administrative fees helps to improve supplier relationships and promote competition in the industry.

Other Lines of Business Beyond Core Group Purchasing Services

HGPII's member GPOs offer a range of products and services touching upon education for members and suppliers, AI platforms, supply chain co-management, strategic advisory, and virtual training classrooms for suppliers to better understand market dynamics and lower healthcare prices. Others have created strategic stockpiles for PPE to assist small and rural members and to call upon in times of need. For the past 20 years, HGPII's members have worked to better understand their stakeholders' needs and to provide more value and lower costs for healthcare supplies and services.

Examples:

- Vizient provides strategic advisory services for healthcare systems and providers, which help improve financial performance, make effective strategic decisions, access capital, create strategic partnerships, and achieve transformative outcomes. The advisory services are in key areas such as revenue and cost, advanced clinical quality and operational analytics, corporate finance, access to capital, and balance sheet management.
- Capstone offers two online learning platforms, the Capstone Learning Academy and the Capstone Leadership Institute, which help its members learn about the Affordable Care Act, finance, leadership, compliance, and value analysis. Capstone also added educational and clinical webinars and learning modules that explain how to work with Capstone and its members.

Pandemic-Era Effects

Since the 2020 edition of the HGPII Annual Report, members have opined about the lessons learned by healthcare GPOs during the COVID-19 pandemic. These outcomes primarily include a stronger focus on analytics, supplier collaboration, and transparency to improve decision-making and avoid the risks of grey-market purchasing that spiked during the COVID-19 pandemic.

The biggest development coming out of the COVID-19 pandemic to support the healthcare supply chain is the arrival of more data and information, providing additional insight into the status of the supply chain. Most of HGPII's member GPOs do not consider themselves forecasters of shortages and instead seek the insights of their supply manufacturers and distributors to determine when, or if, shortages are likely to occur. While that practice mirrors the pre-pandemic experience, most, if not all, healthcare GPOs have innovated to incorporate readily available forecasting and data in AI and machine-learning products to ensure healthcare facilities have a sense of any potential approaching shortages.

Drug and Supply Shortages

While extreme shortages are not a factor across most categories, prescription drugs remain an area where market transformations will be needed to end shortages, despite the healthcare group purchasing industry's best efforts to end supply disruptions. As previously discussed in the 19th HGPII Annual Report, due to lingering challenges regarding the production and location of active pharmaceutical ingredients, prescription drug shortages continue for certain items. HGPII's members work with stakeholders along the healthcare supply chain to harness information and data about potential pharmaceutical shortages before they occur and to share this information with purchasers as quickly as possible.

In our conversations with HGPII signatories, they continue to work with stakeholders to promote transparency and implement early warning systems to help predict supply shortages and continue to provide product offerings to address shortages.

Examples:

- Vizient offers the Novaplus Enhanced Supply program to address product shortages and requires participating suppliers to hold extended inventory of certain essential medications. This program also offers healthcare purchasers increased transparency and improved accountability.
- Premier spends time categorizing products with clinical experts when there are shortages or alternatives and works with local stakeholders to survey the market for supply hoarding, scanning for best practices by other GPOs, and prompts long-term commitments and partnerships from suppliers to boost the availability of products. The organization also leverages its data and shares a watch list with the U.S. Food and Drug Administration (FDA) and the White House leadership to provide insights on back orders and potential shortages.

Data, Technology, and AI

As previously mentioned, AI platforms continue to proliferate in the healthcare group purchasing industry, which has increased the opportunity for HGPII's member companies to use data, technology, and machine learning to lower costs for healthcare purchasers. HGPII's members have different levels of adoption of AI platforms, with some still experimenting to find the best product fit, while others offer customized platforms for their customers. However, the common denominator among users is leveraging technology to provide real-time information about the extent of supply available to GPO members.

Examples:

- HPS tests different large language models (LLMs) to determine how they interact with the organization's data and is in the process of scaling up the use of AI internally. Outside of the healthcare supply chain, the organization is working to present data in a neater fashion, improve employee performance, and drive member value within contracts in an accelerated fashion.
- Yankee Alliance has primarily used AI to improve contract optimization and clinical utilization. The organization's Supply View product improves contract analytics and offers opportunities for conversion. Bluepoint complements the organization's work by sharing price analytics connected to clinical best practices. By helping to identify patterns or overuse of certain products (extra IV tubing, overuse of silver dressings, etc.), savings can be identified and quantified for members. The organization also has a formal AI governance committee to help manage risk and make policy regarding the use of AI applications.
- Vizient observed an increase in demand for AI and predictive analytics products, which influenced demand planning, inventory optimization, and disruption forecasting. The organization also highlighted several third-party technology vendors that are offering AI-backed inventory and logistics optimization products, which can help to improve supply chain efficiency.
- HealthTrust's award-winning clinical service line and decision support platform, SurgIntel, helps healthcare institutions lower costs, optimize performance, and improve provider engagement with patients. By shedding light on the use of certain medical products and benchmarking use across various specialties, the platform helps providers make evidence-based decisions that improve care and lower costs. The product is used across several categories, including service optimization, contracting strategies, rebate tracking, and provider attribution.

Federal/State Partnerships

The member organizations of HGPII maintain regular contact with policymakers at the federal, state, and local levels to ensure they remain aware of their work and the needs of the nation's healthcare supply chain. Some of this outreach is performed directly by organizations themselves, and other engagement occurs on behalf of the GPO's various members. HGPII also engages with policymakers in Washington to share findings from the Annual Report, industry trends, and updates about the healthcare group purchasing industry. These engagements with policymakers range from outreach to legislators and regulators to more formal public-private collaborations that share information about supply chain data, collective strategies

to prevent or predict shortages, and best practices on methods to preserve needed supplies. Due to the amount and quality of information collected by HGPII's members about the healthcare supply chain, the nation's GPOs continue to share this important data with leaders at the federal, state, and local levels to help inform policy decisions.

Examples:

- AHSCA continues to educate policymakers at the state and federal levels, through its Government Affairs staff, to update policymakers about the value healthcare GPOs provide. These efforts include reinforcing the critical distinctions between healthcare GPOs and the similarly named, but structurally different, operations of large PBMs.
- Premier continues to share ideas with policymakers about several topics coming out of the COVID-19 pandemic, including bolstering pandemic preparedness, mitigating drug and device shortages, boosting domestic manufacturing, incentivizing competition and health markets, and advancing sustainability initiatives.

Single-Source Contracts

Single-source contracts remain rare and infrequent among HGPII's members, who typically use various sourcing arrangements — mostly dual and multi-source contracting arrangements to ensure products and supplies are available to healthcare institutions. With active input of member councils, task forces, and internal oversight committees that focus on contracts for certain product categories, HGPII's members continue to enter contracts when these internal bodies determine the contract will provide value to their members. In most instances, HGPII's members only award single-source contracts when a product has no other generic or equivalent competition, when an RFP receives no competing vendors, or when one of the internal bodies determines a single-source contract is needed to provide member value and protect patient care or healthcare workers' safety.

By far, multisource contracts are the most common arrangement across the industry. This is due to the robust competition that exists for most categories, which is why multisource contracts occur frequently when products or services are readily available from multiple vendors. 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 and context-driven use, we see no evidence indicating that single-source contracts are employed inappropriately.

Conflicts of Interest

The internal HGPII team spoke with each member of HGPII and reviewed every questionnaire submitted this year. After reviewing each of the responses submitted by respondents, we have found that every HGPII member has strong conflict-of-interest policies and procedures in place for staff and management. These internal controls include conflict-of-interest policies for Boards of Directors and general directors to avoid conflicts. These leaders complete annual disclosure statements to realize potential conflicts and adhere to conflict-of-interest policies requiring them to disclose any interest in potential or participating vendors. The organization's members remain in compliance with HGPII's mandate to require standards that prevent potential conflicts for officers, employees, and suppliers. The design, structure, and implementation of these policies are designed to prevent conflicts and are outlined in the HGPII members' completed annual questionnaires. Ensuring every HGPII member maintains 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 healthcare GPO.

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



The Role of HGPII and its Mission



The Role of HGPII and Its Mission

In 2005, nine of the nation's premier GPOs serving hospitals across the country formed HGPII as an independent entity to monitor, promote, and develop best ethical and business practices throughout the healthcare supply chain industry. HGPII continues to educate healthcare providers, GPOs, consumers, and policymakers about the importance of maintaining integrity, ethics, and best practices throughout the industry.

The 2025 edition of the annual 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 later in this report. By releasing updated editions of the annual report each year, publicizing it widely with healthcare stakeholders, policymakers, and the public, the healthcare group purchasing industry helps interested readers understand recent events and market dynamics impacting the healthcare group purchasing industry's adherence to fostering 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 annually to track the member organizations' devotion to, and use of, HGPII's six core principles of ethics and business compliance. Each year, HGPII members complete the Annual PAQ. The questionnaire ensures member GPOs detail their business practices and disclose the internal policies and procedures that promote best practices and high ethical standards. Each member company's response is made available on HGPII's website, along with a summary of the responses used to inform the Annual Public Accountability Report. This universal commitment to transparency and disclosure helps the public, policymakers, GPOs, 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 July 31, 2025.

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



Methodology



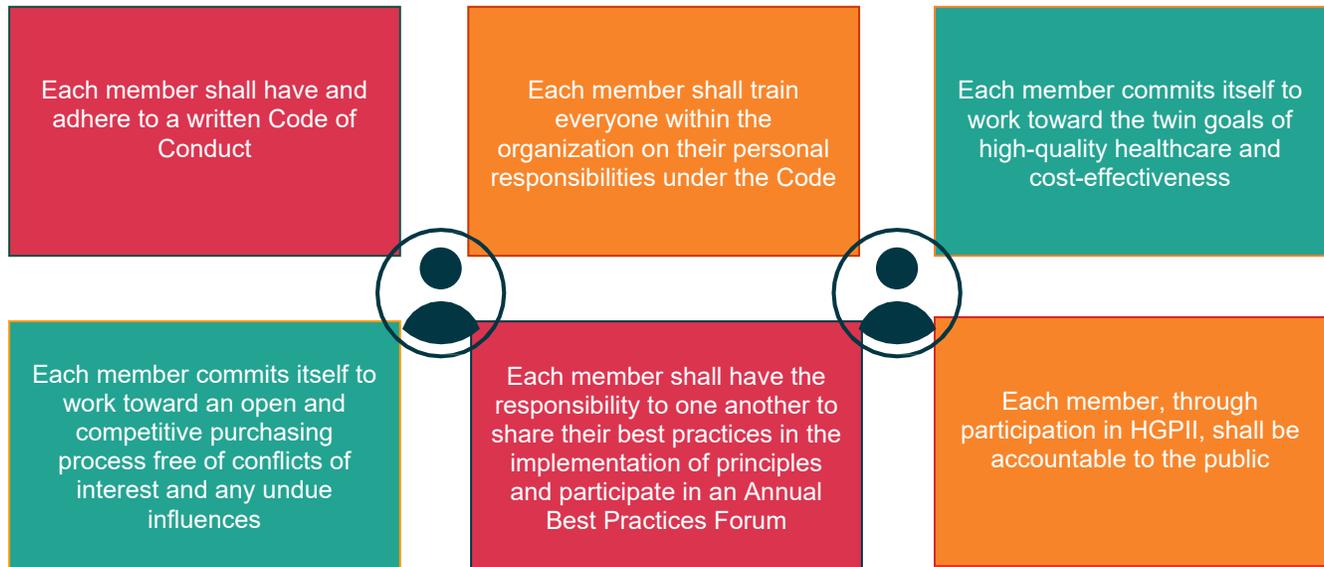
Methodology

The 20th Annual Report is the result of conducting regular interviews and collecting written responses submitted by HGPII members during their completion of the Annual PAQ in 2025. The annual report contains the findings from the completion of comprehensive surveys detailing best practices, compliance efforts, operational standards, information sharing, technology and innovation, and ethical standards among GPOs. Each year, the questionnaire is updated, and the responses received from members report the latest innovations, market conditions, challenges, and successes in their work. After completion of the survey by members, the HGPII team conducts follow-up interviews with each participant, which 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 engaging conversations permit survey respondents to provide additional insight into their written survey responses. Historically, two member companies are selected for annual site visits by the HGPII Coordinator and Executive Director. These site visits serve as an 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, healthcare stakeholders, GPOs, and the public with 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 50 questions requiring detailed answers about the organization's standards, business practices, employee activities, enforcement of HGPII principles, and views of the healthcare group purchasing industry.
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 team 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 result from inquiries posed during follow-up interviews.
6. To maximize transparency and public accountability, all responses to the questionnaires and a profile of each member are posted for public viewing on HGPII's website at: www.hgpil.com.
7. As part of a mandatory Annual Best Practices Forum, the HGPII questionnaires are reviewed every year. All HGPII members discuss important elements of the questionnaire, implications, and improvements for the healthcare industry at large.
8. Each HGPII member is given an opportunity to review a draft copy of the Annual Report in advance of its release to the public. This allows members to provide 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 are committed to the following six core principles:



Participating companies update their policies and practices as needed, answer the questions in the Annual PAQ, and provide adequate documentation that permits the HGPII Coordinators to determine whether 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 executives responsible for supply chain operations from HGPII’s member GPOs — may suspend the participation of any GPO that fails to fulfill its required obligations under the Initiative.

Group Purchasing Organizations that Comprise HGPII:

Acurity Inc.

Advocate Health Supply Chain*

Capstone Health Alliance

Children’s Hospital Association

CommonWealth Purchasing Group

HealthTrust

HPS

Innovatix LLC

Premier, Inc.

TPC

Vizient Inc.

Yankee Alliance



Overview of GPOs Adherence to Ethical Standards and Best Practices



Overview of GPOs Adherence to Ethical Standards and Best Practices

After reviewing replies to the PAQs, conducting member interviews, and consulting with the HGPII charter signatories, we found that every HGPII member continues to meet the lofty ethical standards and business practices required to be a member of the organization. This across-the-board status is consistent with HGPII members' adherence to promoting best practices in the healthcare group purchasing industry, which fosters growth, transparency, and innovation. HGPII charter signatories provide strong value and lower costs for their members despite the challenges the industry faces due to tariffs, trade dynamics, and drug and supply shortages. HGPII's members continue to exceed the standards set by the organization due to the use of several foundational policies that reinforce integrity, transparency, and best practices throughout their business models. The benchmark activities that reinforce high ethical standards are itemized in the list below:

Activities to 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 transparency regarding any parent or affiliated companies. HGPII members remain committed to limiting conflicts of interest. As such, many members have an independent 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 and leadership, HGPII members instill a culture of achieving best practices. By requiring employees to adhere to written conflict-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 holding 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 to remove the possibility of other conflicts of interest. While several GPOs allow employees to receive gifts of nominal value from vendors, those GPOs also require employees to report any gifts from participating vendors and limit the value of any gifts that can be received from vendors.
- 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 contract awards. When compared to the significant volume of contract awards by HGPII charter signatories, the number of grievances filed against members by vendors 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 for vendors to review.

Many GPOs have developed honest and transparent relationships with vendors to help facilitate clear communication with the vendor and enhance their understanding of the contracting process. These working relationships with vendors also reduce the number of grievances filed due to defined internal processes. During this year's interviews, HGPII Members also noted that, despite their contractual relationships with vendors, any vendor who had concerns about the bid and award process had the option to take advantage of the grievance process to resolve a conflict.

- Code of Conduct: HGPII members each publicize a Code of Conduct outlining business ethics and acceptable conduct on their websites. These organizations all maintain procedures to ensure that every employee understands and meets their responsibilities under the Code. GPO employees are mandated to take courses that reinforce the materials covered in the Code. Several 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 who report 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 emailing a secure inbox that gives the employee the option to maintain their anonymity. Violations reported through these means are investigated by the internal Ethics & Compliance Officer at the company, 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 that every employee understands their 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 fees of less than 3% under their supplier agreements. Our review and conversations found that a small number of HGPII members exceed the 3% threshold in unique situations. Among those that earn administrative fees above 3%, the fees are associated with supplemental administrative services and similar activities. Among the GPOs that 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 secure 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, grants, and exhibit fees.
- Contract Bid and Award Processes: Suppliers who are interested in competing for GPO contracts can find a description of the bid and award processes 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 and limits the likelihood of grievances being filed.
- Use of Single, Sole, Dual, and Multi-Source Contracts and Contracting for Related Products and Services: HGPII's members work to negotiate agreements for cost-effective products with the best value and services for their members. GPOs' decisions about contract award types are driven by the needs of their members and market conditions and are chosen to achieve the best overall value and quality for healthcare providers. Dual and multi-sourced contracts are primarily used by HGPII members and are the most common procurement outcome reported by survey respondents. Single-sourced contracts are rare among member GPOs but do play a role in the healthcare group purchasing ecosystem. A limited number of HGPII signatories utilize dual or multi-source contracts for multiple complementary items 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 foster robust competition.
- Opportunities to Contract for Innovative Products and Services: HGPII's member GPOs are continually on the lookout to source the latest technologies, products, and services that have recently arrived in the marketplace. This process of searching for new and novel products benefits stakeholders across the healthcare supply chain. HGPII's member GPOs also have standard processes in place, which allow them to assess vendors with promising products or services, and rapidly enter into contracts at any time throughout the calendar year. The bedrock of this additive contracting process is the inclusion of uniform language into all contracts, which allows them to enter a new contract at any time with any vendor offering an innovative product or service. GPOs also look at a spectrum of products and communicate with a variety of vendors, regardless of whether they have an existing contract with the GPO. Finally, due to the emphasis on driving member value, HGPII's members are free to purchase non-contracted innovative products or services directly from non-participating vendors that are unaffiliated with their GPOs and do not have contracts.
- Several HGPII members host innovation expos and online conferences, which contribute to the visibility and availability of new healthcare technologies. As a holdover from the COVID-19 pandemic, these activities have expanded substantially in recent years and enable their members to engage with vendors offering new products or services that may lead to lower costs, increased supply, or technology innovations.

Sustainability and Improving Human Health

Members serviced by the signatories to the HGPII charter continue to request information about the environmental attributes and carbon emission disclosures for the products they are considering purchasing, including the possibility of reusable products, processing inputs, and the energy consumption associated with development. In response, HGPII's members continue to work to help their customers understand the importance of these products and the benefits they provide to efficiency, healthcare savings, and human health. Aside from wanting additional information about the environmental attributes of the products and services they're considering, healthcare purchasers across the country also want to know that the claims made by products, such as associated carbon emissions, are validated by independent third parties that have a track record of verifying such claims. For larger GPOs comprising HGPII's membership, customers include support for environmentally preferred purchasing and environmental standards in their agreements with the GPO.

The larger GPOs that are members of HGPII rely on the expertise of internal councils and supplier task forces, comprised of representatives who can standardize supplier protocols and leverage the size and scope of the GPO's purchasing ability to focus on products that are safer for patients, their families, and the environment.

The use of environmentally preferred products (EPPs) remains a member priority in certain categories. The organizations served by HGPII's member GPOs continue to request EPPs and services; however, the higher cost for some of these products can place the products out of reach for some healthcare organizations. In addition to cost, other barriers remain to accessing EPPs. Some suppliers do not offer a broad category of EPPs despite the preference from healthcare organizations to select options among many EPPs and compare the cost of these options. HGPII's members continue to promote the benefits of EPPs as a part of our effort to help member GPOs broaden access to safer products for human and environmental health.



Competition Within the GPO Sector of the Healthcare Supply Chain



Competition Within the GPO Sector of the Healthcare Supply Chain

The annual HGPII questionnaire helps us understand the developments in the industry, assess common business practices among healthcare GPOs, and determine whether a healthy amount of competition exists among the signatories to the HGPII charter. As a result of HGPII's review of these questionnaires annually, no other organization working across the entirety of the healthcare group purchasing industry has such visibility or offers a comprehensive assessment of the industry's dynamics. As such, our team has a clear view of the market dynamics within the healthcare supply chain. Among member GPOs, substantial competition exists to provide services and supplies, as evidenced by shifts in healthcare organizations serviced by HGPII's members and efforts to continually add new services, benefits, and drive down costs.

The increasing level of competition among HGPII's member GPOs and among GPOs that are not members of HGPII promotes innovative approaches to service, delivery, value creation, and product offerings for healthcare purchasers. The broad array of organizations comprising HGPII's membership — which differ in geography, product offering, and size — ensures a dynamic level of competition for national contracts as well as local and regional contracts. These differences allow GPOs of all sizes throughout the industry to bring cost savings to their customers and, ultimately, the healthcare system. Based upon our annual interviews of HGPII members and our review of their annual questionnaires, it is evident that robust competition still exists in the group purchasing industry.



Appendices



APPENDIX A

CHARTER OF THE HGPII

The HGPII was established in 2005 by the nation's nine major healthcare 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 U.S. 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 GPO.
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 PAQ

On an annual basis, each Signatory organization files a report with the HGPII Coordinator that responds to the Annual 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 governs 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, 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 PAQ, 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 PAQ 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 HGPII 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 PAQ, 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 GPO.
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 PAQ 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 HGPII 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 the purchase of safe medical products.
4. Each GPO commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.
 - a. Each GPO's conflict-of-interest policies related to individuals shall include:
 - i. A requirement that employees in a position to influence the GPO contracting process not accept any gifts, entertainment, favors, honoraria, or personal service payments other than those of a Nominal Value from any participating vendor;
 - ii. A policy prohibiting its employees who are in a position to influence the GPO contracting decisions from having an Individual Equity Interest in any participating vendor² in the contract areas they influence;
 - iii. A policy that requires that any employee not covered under Section 4(a)(ii), and any officer, director, or a member of an advisory board of a GPO who accepts any gifts, favors, honoraria or personal services payments other than those of Nominal Value from any participating vendor to disclose such transactions to the appropriate governing body and for that individual to be recused from any negotiations or decisions related to such participating vendor;
 - iv. A policy that requires that any employee not covered under Section 4(a)(ii), officer, director, or 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.

- c. 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.
- d. 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.
- e. 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 PAQ 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.

** Nominal Value shall mean any item, service, or other thing of value (not including cash or cash equivalents) that does not exceed \$50 per instance or \$100 in any given calendar year.

** Individual Equity Interest is defined as securities, options, warrants, debt instruments (including loans), or rights to acquire any of the foregoing, provided, however that the term shall not include: (a) interests in publicly held mutual funds or (b) interests held in a blind trust in which all investment decisions are independently managed by a third party and the existence and trust terms are fully disclosed to the appropriate governing body to ensure that neutrality of the GPO contracting decisions are protected.

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

APPENDIX C

LIST OF MEMBER ORGANIZATIONS AND CONTACTS

Children's Hospital Association

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

Innovatix, LLC

ATTN: John Sganga
13034 Ballantyne Corporate Place
Charlotte, NC 28277
Tel: (888) 258-3273
www.innovatix.com

Premier, Inc

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

Capstone Health Alliance

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

Acurity, Inc. (formerly GNYHA)

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

Advocate Health

ATTN: Bill Brewer
4828 Airport Center Pkwy
Charlotte, NC 28208
Tel: (414) 647-6215
www.advocatehealthsupplychainalliance.org

TPC

ATTN: Kelly Love
5700 Granite Parkway, Suite 900
Plano, TX 75024
Tel: (469) 366-2100
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

Yankee Alliance

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

Healthtrust Performance Group

ATTN: Guy Wagner
1100 Dr. Martin L King Jr Blvd, Suite 1100
Nashville, TN 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

Commonwealth Purchasing Group

ATTN: Rich Napolitano
40 Court Street – 10th Floor
Boston, MA 02108
Tel: (617) 834-7121
www.cwpurchasing.com

APPENDIX D**2025 HGPII STEERING COMMITTEE MEMBERS****Steering Committee Chair****Guy Wagner**

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Edward Jones

President and Chief Executive Officer
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Chief Operating Officer
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John Thompson

Executive Vice President
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Bruce Radcliff

President of Supply Chain Services
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APPENDIX E

2025 HGPII WORKING GROUP MEMBERS

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Alan Sauber

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Shoshana Krilow

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APPENDIX F

2025 PUBLIC ACCOUNTABILITY QUESTIONNAIRE



2025 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2025.
Please return your response to starshine.chun@afslaw.com no later than
June 30, 2025.

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. (Business concerns, organizations, or individuals are affiliates of each other if, directly or indirectly, (1) either one controls or has the power to control the other, or (2) a third-party controls or has the power to control both. (See 48 CFR, Section 9.403 (2007): Securities Act, Sec. 16, 15 USC 77p(f).))

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%, 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%.

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 PAQ, 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?

EPPs AND SERVICES

- 34) Have members of your GPO expressed a preference for EPPs and services?
- 35) Describe your GPO's approach in identifying and satisfying the desires of your various members for EPPs and services. Provide examples of EPPs and services within your current portfolio.
- 36) What challenges, if any, have you experienced in identifying or contracting for working a variety of EPPs and services to your members? How have you responded to such challenges?
- 37) Has your GPO designated someone to:
 - Identify your GPO's environmentally-preferred objectives;
 - Explore EPPs and services; and/or
 - Develop initiatives to help educate your members about the value of using EPPs and services?

- 38) 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

- 39) 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.
- 40) 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

- 41) 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?
- 42) 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?
- 43) As a response to pandemic related challenges and supply chain disruptions, what technology services and information technology (IT) products did your organization provide to members and their patients? What information and best practices services did you provide to the public?
- 44) Describe the mechanism (e.g., a corporate review board, ombudsman, corporate compliance or ethics officer) for employees to report possible violations of the written code of business ethics and conduct to someone other than one’s direct supervisor, if necessary.

REPORTING POTENTIAL ETHICAL VIOLATIONS

- 45) What process is used to protect the confidentiality of the reporting employee’s identity and what safeguards are in place to mitigate the opportunities for retaliation?
- 46) Describe how the GPO follows up on reports of suspected violations of the code of business ethics and conduct to determine if a violation has occurred and if so, who was responsible. Describe corrective and other actions taken in such circumstances.
- 47) Describe the processes the GPO follows up on, to monitor on a continuing basis, adherence to the written code of business ethics and conduct, and compliance with applicable federal laws.

-
- 48) Are periodic reports on the GPO's ethics and compliance program made to the GPO's Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported? Are periodic reports on the company's participation in HGPII made to the GPOs Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported.
- 49) How many of your GPO employees attended the most recent Best Practices Forum? Include the name of the most senior executive who attended.
- 50) List the name, title and contact information of the senior manager assigned responsibility to oversee the business ethics and conduct program. Provide the name, title and contact information for the individual(s) responsible for responding to this report.

APPENDIX G

HGPII ANNUAL BEST PRACTICES FORUM AGENDA TOPIC: TURBULENCE IN THE HEALTHCARE SUPPLY CHAIN: TECHNOLOGY AND INTERNATIONAL TRADE Thursday, July 31, 2025

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

8:45 AM – 9:30 AM: Registration and Breakfast

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

- Byron Dorgan, *HGPII National Co-Coordinator*
- Guy Wagner, *Chairman*, HGPII Steering Committee, HealthTrust
- Phil English, *HGPII National Coordinator*
- *Antitrust guidance provided by Laurel LaMontagne, ArentFox Schiff

9:45 AM – 10:30 AM: Keynote Address by John Brooks, CMS Chief Policy and Regulatory Officer and Deputy Administrator

A leading healthcare expert guiding policy operation at the Centers for Medicare and Medicaid Services (CMS) and former senior executive at the CMS Center for Medicare, White House Domestic Policy Council, and U.S. Department of Health and Human Services (HHS), John Brooks will discuss the Trump administration's ideas to promote a healthy medical supply chain, lower costs, improve patient care, and reduce the regulatory challenges imposed on healthcare GPOs, hospitals, and health systems.

Introduction by:

- Phil English, *HGPII National Coordinator*

10:30 AM – 11:15 AM: HGPII Steering Committee Panel

Leaders from the nation's most prominent GPOs will share their thoughts about the future of the supply chain industry and highlight major developments from the past year that will shape care delivery. Touching upon a range of topics, including technology innovations, supply shortages, tariffs, artificial intelligence, and nearshoring, this session is designed to provide attendees with a broad perspective about the state of GPOs and the future of the supply chain.

Panelists:

- Guy Wagner, HGPII Steering Committee Chairman, *Senior Vice President, Strategic Sourcing*, HealthTrust
- John Thompson, *Senior Vice President, Sourcing Operations*, Vizient, Inc.
- Pam Daigle, *Group Vice President*, Premier, Inc.

Moderator: Phil English, *HGPII National Coordinator*

11:15 AM – 12:30 PM: Trade Panel: *Impact of Tariffs and Trade on The Healthcare Supply Chain*

A discussion of what is happening in the supply chain and what members should anticipate to avoid shortages, create reliable partnerships, and guarantee price and access for their members. The panel will explore the supply chain and how it is impacted by trade developments, tariffs, policy, and onshoring efforts.

Panelists:

- Meredith Broadbent, *Senior Advisor*, Center for Strategic and International Studies (CSIS)
- Mario A. Torrico, *Associate*, ArentFox Schiff
- Joshua Snead, *Staff Director*, Subcommittee on Trade, Ways and Means Committee

Moderated by: Phil English, *HGPII National Coordinator*

12:30 PM – 1:15 PM: HGPII Advisory Council Interactive Presentation: *Building Trust is Essential to Every Relationship in Business*

Panelists:

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

Moderator: Daniel Sjostedt, *Government Relations Director*, ArentFox Schiff

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

1:20 PM: Statement Senator Thom Tillis (R-NC), Prime Sponsor, Medical Supply Chain Resiliency Act (pre-recorded)

1:25 PM: Pre-Recorded Regulatory Roundup runs during the break

Panelists:

- Oliver Spurgeon III, *HGPII Executive Director*
- Daniel Sjostedt, *Government Relations Director*, ArentFox Schiff

Moderator: Byron Dorgan, *HGPII National Co-Coordinator*

1:45 PM – 2:45 PM: AI Panel: Fostering Innovation and Creating Savings for the Healthcare Supply Chain

A discussion of the latest AI technologies and how healthcare GPOs are harnessing the next generation of innovative technologies to deliver savings, predict supply shortages, and deliver value for members. The panelists will discuss the transformative power of artificial intelligence and highlight the operational savings that have been created by using AI tools and platforms.

Panelists:

- Dr. Brian Anderson, *Chief Executive Officer*, The Coalition for Health AI (CHAI)
- Dan Jasnow, *Partner*, ArentFox Schiff
- Hillary M. Stemple, *Partner*, ArentFox Schiff

Moderator: Oliver Spurgeon III, *HGPII Executive Director*

2:45 PM – 3:30 PM: Conversation with Chip Kahn, President, Federation of American Hospitals

One of the most prominent healthcare policy advocates in the Washington association community, Chip Kahn will offer his perspective on challenges facing hospital finance and public policy, and how they will impact on institutions and the acute care supply chain. Mr. Kahn and Phil English will discuss how programmatic decisions in Washington will shape the environment for GPOs and their partners, with implications for medical innovation, quality care, and supply chain resiliency.

Moderator: Phil English, *HGPII National Coordinator*

3:30 PM – 3:45 PM: Closing Remarks - Phil English, *HGPII National Coordinator*

APPENDIX H

HGPII 2025 Forum Attendee Directory

*Yellow indicates in-person attendance

First Name	Last Name	Company
Phil	English	ArentFox Schiff LLP
Dan	Jasnow	ArentFox Schiff LLP
Hillary	Stemple	ArentFox Schiff LLP
Daniel	Sjostedt	ArentFox Schiff LLP
Oliver	Spurgeon	ArentFox Schiff LLP
Mario	Torrico	ArentFox Schiff LLP
Meredith	Broadbent	Center for Strategic and International Studies
Rich	Napolitano	Commonwealth Purchasing Group
Chip	Kahn	Federation of American Hospitals
Jacqueline	Brevard	GEC Risk Advisory
John	Hasnas	Georgetown University
Howie	Arnold	HealthTrust
Kyle	Dunn	HealthTrust
Nicholas	Giovino	HealthTrust
Guy	Wagner	HealthTrust
Joe	Bibelhausen	HealthTrust
Nelo	Hamilton	Healthcare Supply Chain Association
Diane	Major	Healthcare Supply Chain Association
Brooke	Willis	Healthcare Supply Chain Association
Joshua	Snead	House Ways & Means Committee
Michelle	Pleiness	HPS
Pamela	Daigle	Premier
Aden	Klein	Premier
Sam	Baroff	Premier
Mark	Hendrickson	Premier
Sam	Freund	Rational 360
Anne	Nobles	
Brian	Anderson	The Coalition for Health AI
Rebecca	Gayden	Vizient
Shoshana	Krilow	Vizient
Doug	Kucera	Vizient
Chad	Mitchell	Vizient
Brad	Mitchell	Vizient
John	Thompson	Vizient

Judy	Webb-Hapgood	Vizient
Amy	Campbell	Yankee Alliance
Anne Marie	Orlando	Blue Point Supply Chain Services
Tim	Bugg	Capstone Health Alliance
Tabitha	Calloway	Capstone Health Alliance
Hope	Childers	Capstone Health Alliance
Jackie	Dula	Capstone Health Alliance
Angie	Edwards	Capstone Health Alliance
Mark	Landau	Capstone Health Alliance
Jeff	Lawing	Capstone Health Alliance
Sonya	McCall	Capstone Health Alliance
Yolandi	Myers	Capstone Health Alliance
Fred	Pane	Capstone Health Alliance
Kristin	Scott	Capstone Health Alliance
George	Taulia	Capstone Health Alliance
Angela	Taylor	Capstone Health Alliance
Donna	Webster	Capstone Health Alliance
Trevor	Sell	Children's Hospital Association
Haley	Addis	HealthTrust
Kim	Allen	HealthTrust
Teri	Bernstein	HealthTrust
Tyler	Bird	HealthTrust
Jocelyn	Bradshaw	HealthTrust
Mark	Coleman	HealthTrust
Nicholas	Crowe	HealthTrust
Kevin	Davis	HealthTrust
Joseph	Dickson	HealthTrust
Young	Fried	HealthTrust
Tonya	Goad	HealthTrust
Dionicio	Gonzalez	HealthTrust
Vic	Gribbons	HealthTrust
Rosalind	Holloway	HealthTrust
Tiffany	Kaylor	HealthTrust
Trina	Kaylor	HealthTrust
Jennel	Lengle	HealthTrust
Lucinda	Madura	HealthTrust
Katherine	McCardell	HealthTrust
Abigail	Merryman	HealthTrust
Clay	Posey	HealthTrust
Margherita	Potter	HealthTrust

Erika	Ruiz	HealthTrust
Kristie	Schutt	HealthTrust
Terri	Sisco	HealthTrust
Jonathan	Swafford	HealthTrust
Jennifer	Westendorf	HealthTrust
Thomas	LaPres	HPS
Peter	Aftosmes	Premier
Ann	Archuleta	Premier
Brad	Armbruster	Premier
Laura	Barger	Premier
Peter	Beshara	Premier
Christa	Britt	Premier
David	Brown	Premier
Kelli	Cabuno	Premier
Lori	Calvert	Premier
James	Cheney	Premier
Danielle	Chrystal	Premier
Donna	Craft	Premier
Charles	Danca	Premier
Ryan	Eaton	Premier
Deborah	Fisher	Premier
Mary	Flitz	Premier
Lizzy	Foley	Premier
Patrick	Gitter	Premier
Willa	Glover	Premier
Meghan	Gore	Premier
Krista	Gugino Komanski	Premier
Paula	Gurz	Premier
Brian	Hall	Premier
Kelsie	Hall	Premier
Calvin	Hamilton	Premier
Sammy	Harper	Premier
Tyson	Hofeling	Premier
Tiffany	Hughes	Premier
Leslie	Johnson	Premier
Robert	Karcher	Premier
Kathy	Kickert	Premier
John	Knapp	Premier
David	Long	Premier
Joe	Lynch	Premier

Jim	Lynett	Premier
Kyle	MacKinnon	Premier
Nicole	Malen	Premier
Pamela	Marshall	Premier
Traci	McCoy	Premier
Maria	McGraw	Premier
Angie	Miller	Premier
Stephen	Mobley	Premier
Bryan	Moore	Premier
Melia	Moore	Premier
Jordan	Neri	Premier
Andrew	Nguyen	Premier
Karen	Niven	Premier
Kristin	Paffendorf	Premier
Daryl	Peck	Premier
Melanie	Proctor	Premier
Bruce	Radcliff	Premier
Shobana	Ramesh	Premier
Mandi	Rhodes	Premier
Wayne	Russell	Premier
Marti	Russell Schrapper	Premier
Soumi	Saha	Premier
Justin	Schneider	Premier
Jeff	Schreur	Premier
Frank	Searl	Premier
Sachin	Shah	Premier
Tim	Smith	Premier
Matthew	Smith	Premier
Leann	Spadaro	Premier
Patrick	Sudol	Premier
ShaJuan	White	Premier
Sharon	Wingert	Premier
Thai	Xiong	Premier
Kelly	Love	TPC
Mark	Phalen	TPC
David	Shamlin	TPC
David	Berry	Vizient
Sara	Cotter	Vizient
Riaz	Dharani	Vizient
Becky	Foret	Vizient

Beth	Grimsley	Vizient
Scott	Grubenhoff	Vizient
Sarah	Herrmann	Vizient
Joe	Joffrion	Vizient
Amanda	List	Vizient
Melissa	Lyon	Vizient
Nancy	Masaschi	Vizient
John-Michael	Mascia	Vizient
Patrick	Melone	Vizient
Tammi	Pegues	Vizient
Alex	Podany	Vizient
Andy	Siefkin	Vizient
Joni	Swartz	Vizient
Valerie	Witmer	Vizient
Desirae	Bibeau	Yankee Alliance
Duane	Bragg	Yankee Alliance
Nicholas	Cross	Yankee Alliance
Sally	DeAngelis	Yankee Alliance
Cara	Dittman	Yankee Alliance
Jesse	Gonzalez	Yankee Alliance
Jillian	Jalbert	Yankee Alliance
Matthew	Johnson	Yankee Alliance
Michael	Jones	Yankee Alliance
Chris	Karski	Yankee Alliance
Lawrence	Kaufman	Yankee Alliance
Melanie	Kawiecki	Yankee Alliance
Thomas	Kennedy	Yankee Alliance
Sean	Onesty	Yankee Alliance
Todd	Senard	Yankee Alliance

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, ensuring 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 that 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 ensure 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, ensure 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, 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 ensure 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 an 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 timelines for filing a request for HGPII Evaluation (as set forth above).
- Any complaint related to a request for a New Technology award where the 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 an RFP and/or award that has already 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 the 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 PAQ.

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 an RFP or through a New Technology Process.

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

APPENDIX J

BIOGRAPHIES OF THE HGPII ETHICISTS

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

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

Anne Nobles, JD

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 was a member of the board of directors of Indiana University Health from 2011 to 2022. 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 an A.M. from Harvard's Graduate School of Arts and Sciences in Anthropology with a focus on Archaeology. She graduated from Georgetown University Law School magna cum laude and served on the Georgetown Law Journal for two years and an editor of the Journal for one year.

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

Jacqueline E. Brevard – Senior Advisor at GEC Risk Advisory LLC

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

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

Ms. Brevard, the former Vice President, Chief Ethics and Compliance Officer of Merck & Co., Inc., is the pioneer and visionary who developed and successfully implemented the first comprehensive Global Ethics and Compliance Program for a top-tier global pharmaceutical company, driving Merck & Co. to a leadership position in organizational ethics and compliance and setting the standard that others would follow years later. She has more than 20 years' experience in the corporate ethics and compliance field, as Merck's Ethics and Compliance Program and Ombudsman Program were consolidated under Ms. Brevard who reported regularly to Merck's Executive Committee and the Board. Ms. Brevard also has more than 15 years' experience as an international transactional attorney having completed projects, during her tenure at Merck, in Latin America, Asia-Pacific, Central and Eastern Europe, the Middle East and Africa.

She is Chair of the Board of the International Business Ethics Institute, a member of the Advisory Board of the Institute for Ethical Leadership at Rutgers University, and a member of the Advisory Board of the HGPII.

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

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

