

1. Please describe the key components of the GPO’s written code of business ethics and conduct. (Please provide a copy and describe any changes since the last submission.)

Please assure your response includes:

- 1.1. The title of the GPO’s written code of business ethics and conduct.
- 1.2. Summary of the key components of the GPO’s written code of business ethics and conduct.
- 1.3. Identification of changes that have been made to the written code of business ethics and conduct since last year.

1.1 In 2002, the Board of Directors adopted a comprehensive set of ethics principles, policies and practices. The set of recommended policies and practices agreed to by Premier’s Board of Directors serves as the basis for the development of *Premier’s Group Purchasing Code of Conduct* and set a new high bar in ethical conduct for the GPO industry. As an organization, Premier has “put a stake in the ground” relative to how it plans to guide and conduct its business through the use of its’ Code of Conduct. The Code of Conduct sets out Premier’s policies and procedures to promote contracting arrangements that achieve both a high quality of medical care and competitive pricing. In 2003, Premier adopted the *Business Conduct Guidelines*, a document created by employees and approved by the Board that explains Premier’s commitments to its various stakeholders.

1.2 Summary of Premier’s Group Purchasing Code of Conduct

Through its Group Purchasing Code of Conduct, Premier is focused on its commitment to its member hospitals and health systems to help them improve the quality of medical care while at the same time helping to lower the costs of providing that care. In all that it does, Premier acts ethically, accountably and fairly with respect to all participants in the healthcare marketplace.

Complying with Applicable Laws and Best Practices

Premier complies with all applicable laws and regulations and provides appropriate assistance and conformation. The communication of consistent and accurate information to the public and other external stakeholders is vital to Premier’s efforts to lead the transformation of healthcare. Premier is committed to the protection of confidential and proprietary information, the protection of assets, safeguarding copyrights, the accurate reporting of accounting and financial data, fair competition with competitors, diversity programs in hiring and promotion, and a workplace free from harassment.

Conflicts of Interest

Premier has developed comprehensive policies and procedures to ensure that employees, Board members, non-employee committee members, and subject matter experts adhere to strict conflict of interest disclosure, divestiture, and/or recusal requirements.

Employees

Premier's Group Purchasing Code of Conduct states that no employee of Premier or any Premier entity should own equity in any participating vendor.

At employment, each employee is apprised of the Code of Conduct and asked to check the online Premier Participating Vendor List for possible conflicts. If a potential employee owns an equity holding that is not permitted, he or she must disclose the conflict then follow proscribed steps to resolve it if employed.

Monthly, the Ethics and Compliance Office sends each employee an updated participating vendor list. If conflicts arise as new vendors are added, the employee follows prescribed steps to resolve the conflict. In addition, all Premier employees must disclose potential conflicts of interest annually. In FY2008, 100 percent of our employees disclosed and resolved their conflicts of interest in accordance with the policy.

Board of Directors and Officers

Board members annually disclose potential conflicts that they and/or their spouses and dependents may have. Conflicts may include affiliation with or managerial, consulting or employment relationships, personal, equity or other financial interests, and gifts including entertainment, favors, honoraria or personal service payments (of more than a nominal value) from a participating vendor.

Member Advisory Committees

Sourcing Committee members disclose any potential conflicts they may have annually and before any meetings or discussions. Premier's policy also states that Sourcing Committee members and/or their spouses and dependents cannot have extensive equity in a participating vendor.

Equity Interests in Suppliers

Premier and its Purchasing Partners unit disclose to members business relationships with participating vendors including the sale of Premier products and services to participating vendors or other arrangements in which money flows from participating vendors to Premier Purchasing Partners L.P., Premier Inc., or its subsidiaries. Purchasing Partners also discloses to members and the public any equity interests held by it (or any affiliate companies) in a participating vendor or potential vendor. This information can be found by visiting our Web site at <http://www.premierinc.com/about/mission/ethics-compliance/disclosures.jsp>

Ethics Award

In all that it does, Premier serves first the interests of member hospitals and health systems and, through them, the patients and communities they serve. Premier's core purpose is "To improve the health of communities." We do this by improving quality while safely reducing the cost of care. In support of this mission, Premier acts ethically, accountably, and fairly with respect to all participants in the healthcare marketplace.

In June of 2008, Premier was named as one of the World's Most Ethical Companies by *The Ethisphere Institute* and *Forbes*. More than 10,000 of the world's leading companies on six continents were reviewed, and Premier was among 94 companies selected as winners.

Physician Preference

Premier requires multi-source contracts for physician preference products and services. Member committees use an established criteria matrix to determine if a product is considered a physician preference product or service. Our GPO contracts do not bundle Physician Preference Products with unrelated products, nor do they bundle unrelated products across different vendors. Our GPO contracts are generally three years or less, unless economic conditions require longer term agreements in the best interest of members. Exceptions to the three-year limit must be approved by senior management and reported to the board of directors at the next board meeting. Premier sometimes uses single source contracts in areas of non-clinical preference where standardization or volume affords members substantial value.

Administrative Fees

Premier's Group Purchasing Code of Conduct caps administrative fees at three percent. These fees are standardized for each bid process and product or service category and stated in advance to all bidders in a category, unless economic conditions require a different structure in the best interest of members. Our GPO contracts do not levy up-front administrative fees from participating vendors and prohibit administrative fees in the form of vendor equity. Premier receives no marketing or other fees from vendors and does not conduct private label programs that produce additional fees from participating vendors. In accordance with GPO Safe Harbor regulation, Premier discloses to all GPO members annually all fees and value received from participating vendors.

Vendor Rights and Responsibilities

Premier has a Statement of Vendor Rights and Responsibilities and a Vendor Grievance Policy and Process. Both can be found on Premier's Web site. The grievance process ensures a vendor's ability to access Premier's contacting staff and leadership to address concerns, grievances or complaints relating to the contract award process or general concerns. Grievances relating to the contract award process for products or services are reviewed by the member sourcing committee responsible for a product category. A committee's final recommendations are reviewed by Premier senior management, and the supplier receives a detailed response in writing stating the outcome of the committee's review and final decision.

Disclosure of Vendor Payments

Consistent with the Medicare/Medicaid safe harbor rules pertaining to GPO administrative fees, Premier discloses to its members on an annual basis the amount of administrative fees that have been generated by each member's purchases under Premier contracts. In its financial reporting to members, Premier also discloses the aggregate vendor payments on an annual basis.

Annual Financial Reporting

Premier posts financial information on its Web site at www.premierinc.com. Premier discloses more detailed financial information to its shareholders.

Industry Reporting and Education

Premier is a leader and founding member of the Healthcare Group Purchasing Industry Initiative. (HGPII) The Initiative is a voluntary association of healthcare GPOs created in 2005 to encourage and sustain best ethical and business conduct practices in the GPO industry.

1.3. In 2008, the Board of Directors made no changes to Premier’s Group Purchasing Code of Conduct.

Links:

Business Conduct Guidelines:

http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/BCG/Business_Conduct_Guide.pdf

Group Purchasing Code of Conduct:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

Foundation Statements:

<http://www.premierinc.com/about/mission/foundation-statements.jsp>

Copy of Premier’s Group Purchasing Code of Conduct including:

- **Appendix A - Best Ethical Practices for the Group Purchasing Organization**
http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/Appx-A_%20Kirk%20Hanson.doc
- **Appendix B - Additional Premier Comments**
http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/Appx-B_Additional%20Comments.doc
- **Appendix C - HIGPA Code of Conduct**
http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/Appx-C_HIGPA%20CofC.doc

2. Please describe the GPO’s policies and procedures that address conflicts of interest for all employees and clinical advisory members in a position to influence contracting decisions and for all other employees and members of the Board of Directors and/or the GPO’s governing body.

<p>Please include in your answer:</p> <p>2.1. Who is covered by your conflict of interest policies?</p> <ul style="list-style-type: none">a) All employees <u>or</u> employees directly involved in purchasing?b) All executives of the company <u>or</u> those directly supervising purchasing activity?c) The board of directors?d) Members of clinical advisory committees?e) Any other groups? <p>2.2. What are the primary conflict of interest constraints for each of the categories listed in the question above?</p> <ul style="list-style-type: none">a) No equity investments in participating vendors <u>or</u> disclosure of equity investments? (Or no investments above a threshold dollar level?)

- b) No service on boards of directors of participating vendors or disclosure of board of director positions?
- c) Are gifts allowed to be accepted from or provided to vendors? If yes, please describe the limitations.
- d) Are meals or entertainment allowed to be accepted or provided to vendors?
- e) Other constraints?

Premier has developed comprehensive policies and procedures to ensure that all employees, Board of Director members, non-employee sourcing committee members, and subject matter experts adhere to strict conflict of interest disclosure, divestiture and/or recusal. Adopted in December 2002, these comprehensive conflict of interest policies address both equity and non-equity potential conflicts.

2.1 Premier’s Group Purchasing Code of Conduct specifically addresses conflicts of interest involving employees and their families, board members and their families, and sourcing committee members and their families.

a. No Premier employees can own stock in a Participating Vendor. A Participating Vendor is a vendor that has a contract, or submits a formal bid or offer to contract, to provide goods or services to members. Monthly, all employees receive a memorandum reminding them of the policy as well as a link to the latest Participating Vendor list. Annually, all employees reaffirm their compliance to the conflict of interest policy.

b. No member of Premier’s Leadership team or individuals who are in a position to influence the contracting decisions or individuals who are Director level and above in group purchasing and/or their spouses or dependents can own equity in a Participating Vendor.

c. Annually, Premier’s Board of Directors are required to disclose any equity interest in any Participating Vendor. Members disclose any potential conflicts that s/he and/or a spouse or dependent may have as it relates to an affiliation with or managerial, consulting or employment relationship to or a personal, equity or other financial interest, directly or indirectly in, and/or have received gifts, entertainment, favors, honoraria or personal services payments (of more than a nominal value) from a Participating Vendor and are required to recuse themselves from any negotiations or decisions related to that Vendor.

d. Sourcing Committee members disclose any potential conflicts they may have through an annual process as well as prior to the start of any meetings or discussions. Premier’s policy states that Sourcing Committee members and/or their spouse and dependents cannot have extensive equity in a Participating Vendor. “Extensive” means investments in three (3) or more Participating Vendors in the general product area of the committee or investments in Participating Vendors in such product area that in the aggregate have a total value in excess of \$20,000.

2.2

a. No employee can hold any equity in any participating vendor. Board members may hold equity but must disclose and recuse as appropriate. Committee members may not have extensive

equity which is defined as investments in three (3) or more Participating Vendors in the general product area of the committee or investments in Participating Vendors in such product area that in the aggregate have a total value in excess of \$20,000.

b. No employee, board member or committee member can serve on the board of a Participating Vendor.

c.-d. No employee shall accept gifts, favors, entertainment or hospitality that is expressly meant to influence his or her decision-making or action affecting Premier, regardless of value. In no case shall an employee or an employee's spouse or dependents accept a gift, entertainment, favor, honoraria, personal services payment, gratuity, benefit, loan, or hospitality of greater than nominal value from any Participating Vendor, nor from one specific person or group. Gifts of money in any amount may not be accepted. Gifts not only include material goods, but also services, discounts on personal purchases of goods and services, non-business entertainment, personal travel or lodging, or any other arrangement that benefits the individual recipient. Entertainment includes but is not limited to tickets to sporting events, concerts and plays. Neither may an employee accept any commission or payment of any kind from an outside concern in connection with work performed, services rendered, or supplies provided for or to Premier, unless specifically approved by the employee's supervisor. For purposes of this policy, "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. Any item, service or other thing of value that costs \$10 or less shall not be counted toward the \$100 annual limit.

Lunch and dinner appointments. Lunch and dinner appointments and recreational activities, including but not limited to golf and tennis paid for by outside concerns are acceptable if bonafide business matters are discussed. However, such activities not related to bonafide business matters are limited to a nominal value. No employee shall accept the offer of recreational activities, including but not limited to golf and tennis, that is expressly meant to influence his or her decision-making or action affecting Premier, regardless of value.

Events. Employees may attend events sponsored by vendors or business partners. However, travel and lodging expenses may not be paid by such vendors or business partners

Links:

Code of Conduct Conflict of Interest Provisions - Sections 2-4:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

Participating Vendor List:

<http://www.premierinc.com/about/mission/ethics-compliance/attachments/participating-vendor-list.pdf>

Employee Conflict of Interest Policy:

[http://www.premierinc.com/about/mission/ethics-compliance/attachments/Policy/Conflict of Interest and %20Confidentiality Policy 1.4 \(1-2006\).pdf](http://www.premierinc.com/about/mission/ethics-compliance/attachments/Policy/Conflict of Interest and %20Confidentiality Policy 1.4 (1-2006).pdf)

Board of Directors Conflict of Interest Policy:

<http://www.premierinc.com/about/mission/practices/KPPD/structure-and-governance/board-of-directors-conflict-of-interest-and-confidentiality-policy.pdf>

Member Sourcing Committee Conflict of Interest Policy:

<https://my.premierinc.com/sourcing/conflict.jsp>

3. Please describe the GPO's policies and procedures that address activities, including other lines of business of the GPO and the GPO's parent company or affiliates, that might constitute conflicts of interest to the independence of its purchasing activity.¹

Please include in your answer:

- 3.1. List other lines of business or investments of the GPO or affiliates.
- 3.2. List other lines of business or investments of its parent company or parent affiliates.
- 3.3. What other services does the GPO and its parent company and/or affiliate sell to vendors?
- 3.4. What policies or guidelines does the GPO have to address any potential conflicts of interest with regard to other lines of business within the GPO and/or its parent or affiliated companies?
 - a) Does the GPO and/or its parent or affiliated companies have either a policy to ensure that it does not accept a corporate equity interest in any participating vendor or a policy to mitigate against this potential conflict of interest?
 - b) Does the GPO and/or its parent or affiliated companies accept any vendor fees relating to conference sponsorship or exhibit booth space or have a policy to guard against any potential conflict of interest relating to vendor participation in industry trade shows?
 - c) Does the GPO and/or its parent or affiliated companies accept any grants for educational programs or other projects from vendors or have a policy to guard against any potential conflict of interest relating to such donations?

Premier has policies and procedures which address activities that might constitute a conflict of interest to purchasing activity. These are addressed in Premier's Group Purchasing Code of Conduct Conflict of Interest Provisions Sections 5-9.

Premier and Premier Purchasing Partners, L.P. ("Purchasing Partners"), pursuant to the Group Purchasing Code of Conduct, disclose to members business relationships with Participating Vendors. Business relationships include the sale of Premier products and services to Participating Vendors or any other type of arrangement where money flows from Participating Vendors to Purchasing Partners, Premier, or its subsidiaries. This list does not include business relationships that exist to purchase goods and services that are utilized by the organization to carry out its general business operations so long as the terms of the arrangements reflect fair market value for the goods being purchased (e.g., Premier may utilize rental cars or purchase computer equipment from vendors that are also Participating Vendors). These business relationships have no bearing on GPO contracting decisions.

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

Premier Purchasing Partners, L.P. (“Purchasing Partners”), pursuant to its Group Purchasing Code of Conduct, discloses to its members and the public any equity interests held by it (or any of its affiliate companies) in a Participating Vendor. A Participating Vendor is a vendor that has a contract, or submits a formal bid or offer to contract, to provide goods or services to members. In addition, Purchasing Partners discloses any equity interests held in a Potential Vendor. A Potential Vendor is a vendor of products or services to the healthcare industry that does not have a contract to provide goods or services to members, nor has it currently submitted a formal bid or offer to contract.

Links:

Premier’s Group Purchasing Code of Conduct Sections 5-9:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

Disclosure of Business Relationships:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/Disclosures/disclosure-participating-vendor-relationships.pdf>

Disclosure of Corporate Equity Interests:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/Disclosures/disclosure-corporate-equity-interests.pdf>

3.1- 3 Premier lists on its website all information related to investments by the GPO, its parent company and parent affiliates and any business relationships with vendors. Disclosure of Business Relationships can be found at: <http://www.premierinc.com/about/mission/ethics-compliance/attachments/participating-vendor-list.pdf> and Disclosure of Corporate Equity Interests can be found at: <http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/Disclosures/disclosure-corporate-equity-interests.pdf>

Premier Inc. has the following other lines of business: Healthcare Informatics, which provides comparative data and related performance improvement services through Premier, Inc. and services provided through Cereplex, Inc. and CareScience, Inc.; Premier Consulting Solutions through Premier, Inc. provides consulting services to leverage supply chain, clinical and operational performance improvement resources; Premier Insurance Management Services, Inc. helps alliance members and others manage insurance costs by improving risk management and claims capabilities while seeking to provide stability and predictability in coverage. PIMS manages both risk-bearing insurance programs and sponsored programs in several lines of coverage including excess professional medical liability for hospital systems.

3.4 a. Yes, Premier has policies and procedures which address activities that might constitute a conflict of interest to purchasing activity. These are addressed in Premier’s Group Purchasing Code of Conduct Conflict of Interest Provisions Sections 5-9.

Premier and Premier Purchasing Partners, L.P. (“Purchasing Partners”), pursuant to the Group Purchasing Code of Conduct, disclose to members business relationships with Participating Vendors. Business relationships include the sale of Premier products and services to Participating Vendors or any other type of arrangement where money flows from Participating Vendors to Purchasing Partners, Premier, or its subsidiaries. This list does not include business

relationships that exist to purchase goods and services that are utilized by the organization to carry out its general business operations so long as the terms of the arrangements reflect fair market value for the goods being purchased (e.g., Premier may utilize rental cars or purchase computer equipment from vendors that are also Participating Vendors). These business relationships have no bearing on GPO contracting decisions.

Premier Purchasing Partners, L.P. (“Purchasing Partners”), pursuant to its Group Purchasing Code of Conduct, discloses to its members and the public any equity interests held by it (or any of its affiliate companies) in a Participating Vendor. A Participating Vendor is a vendor that has a contract, or submits a formal bid or offer to contract, to provide goods or services to members. In addition, Purchasing Partners discloses any equity interests held in a Potential Vendor. A Potential Vendor is a vendor of products or services to the healthcare industry that does not have a contract to provide goods or services to members, nor has it currently submitted a formal bid or offer to contract.

Links:

Premier’s Group Purchasing Code of Conduct Sections 5-9:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

Disclosure of Business Relationships:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/Disclosures/disclosure-participating-vendor-relationships.pdf>

Disclosure of Corporate Equity Interests:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/Disclosures/disclosure-corporate-equity-interests.pdf>

3.4 b. Premier offers a trade show once each year to Premier contracted suppliers of products and services via our Breakthroughs Conference and Exhibition. The Conference goal is to foster knowledge-sharing on critical healthcare issues to members which help them to improve supply chain operations and clinical outcomes. The purpose of the exhibition is to provide an efficient way for attendees to come together to discuss product and service functions and attributes, learn about innovative technologies and services, and determine challenges, trends and future needs

Participation in the exhibition is offered in a fair and equitable manner to all Premier contracted suppliers on a first come, first served basis. All booths are 10’ x 10’ and exhibitors choose the quantity that best suits their needs. Booth space fees are the same for each 10’ x 10’ space. Conference fees are set at a break-even amount for the event and Premier does not allow any other fees or sponsorships for the conference.

Suppliers are not allowed to publicize any extraneous activities, including hospitality suites, endorsements, demonstrations or displays away from the exhibit area during exhibit hours. Any supplier-endorsed function which would compete for attendees’ time, either during the hours of the exhibition or hours of the educational sessions and programs, is strictly prohibited.

3.4 c. Premier does not accept any grants for educational programs from vendors.

4. Please describe the GPO's policies with regard to disclosing to members money or value received from vendors, whether in the form of administrative fees, marketing fees, partnership incentives, equity or any other form.

Please include in your answer:

- 4.1. 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?
- 4.2. Does the GPO disclose to members all payments other than administrative fees the GPO received from any vendor in the course of the GPO's group purchasing activities, whether from the purchasing activity of those members or not?
- 4.3. Does the GPO accept marketing fees?
- 4.4. Does the GPO accept partnership incentives?
- 4.5. Does the GPO accept equity?
- 4.6. Does the GPO accept upfront fees?
- 4.7. Does the GPO accept honoraria?
- 4.8. Please describe the GPO's policy with respect to administrative fees received on purchases made by an ineligible member (e.g., a policy regarding the return of such administrative fees to the applicable vendor).

4.1. Yes, in accordance with GPO Safe Harbor regulation, Premier makes annual disclosures to its members, of administrative fees received from vendors for contracting activities with respect to the member's purchase of products and services.

4.2. Yes, as part of Premier's Code of Conduct, Premier discloses that "Vendor participation in any additional services for which fees may be charged (such as trade shows, periodical advertising and data services) shall be entirely voluntary and a Vendor's participation shall have no bearing on GPO contracting decisions." The Disclosure of Business Relationship further discloses that Participating Vendors may also provide funds to Premier to purchase exhibition/booth space at Premier's national meetings. These fees are designed to cover actual costs of the exhibition/booth space and other meeting costs.

Links:

Premier Group Purchasing Code of Conduct - Section 7 Other Business Relationships with Vendors:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

4.3-4.7 Premier's Group Purchasing Code of Conduct states that Premier does not accept marketing fees, partnership incentives, equity from vendors, upfront fees or honoraria.

4.8. Premier believes that any purchase pursuant to one of its contracts is a purchase by an eligible member and reports all member purchases as required by the safe harbor regulations on an annual basis. In the event that a supplier reports inaccurate amounts or identifies payments that were not pursuant to a Premier contract, those amounts are returned to the supplier.

5. Does the GPO disclose to each member all fees, in any form, paid to the member organization?

Please include in your answer:

- 5.1. Describe your disclosure practices.
- 5.2. Does the GPO pay fees 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?

5. – 5.1 Yes, Premier annually discloses to each of its owners the amount of their semi-annual cash distribution resulting from purchasing activities. For other contractual relationships, Premier discloses actual fees and payments resulting from purchasing activities. In addition, the amount of any rebate is disclosed to the appropriate party.

5.2 Premier does not pay fees 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.

Links:

No publicly available links.

6. Please describe the GPO’s publicly available description of its bid and award process which includes the following principles similar to those embodied in the Federal Competition in Contracting Act?

Please include in your answer:

- 6.1 Does the GPO have a publicly-available description of its bid and award process?
- 6.2 Is the description on a public website or sent to those who inquire, or provided in some other way?

6. In accordance with Premier’s Group Purchasing Code of Conduct – Section 10c., “Notice of Pending Bidding Processes - Premier GPOs should implement a contracting process that informs potential Vendors of the process for seeking and obtaining contracts and provides interested Vendors the opportunity to solicit contracts. Upcoming contracting processes should be listed on a publicly available website.”

Links:

Information for Potential Vendors:

<http://www.premierinc.com/about/suppliers/getting-started/index.jsp>

Supplier’s Guide:

<http://www.premierinc.com/about/suppliers/supplier-guide-oct07.pdf>

Premier’s Group Purchasing Code of Conduct Section 10 c.:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

6.1-2 Yes, Premier posts on its Web site a publicly accessible rolling 12-month contract bid calendar. The Contract Bid Calendar reflects product categories that are scheduled for bid, the calendar quarter the bid will be conducted, the status of each bid and a contact for the supplier if there are questions. The Contract Bid Calendar is updated bimonthly or as necessary to reflect any changes to the current bid status. Potential vendors submit their company and product information to Premier through the Product Portal to ensure they are included in the bidding process.

Links:

Premier Contract Bid Calendar:

<http://www.premierinc.com/about/suppliers/bid-calendar/index.jsp>

6i. Please describe the GPO's requirements for how items or services to be purchased are generally identified and published so they are accessible to potential vendors.

Please include in your answer:

6i.1. Does the GPO publish to all vendors the decision criteria used to award potential contracts? Where is it available?

6.i. Premier posts on its Web site a publicly accessible rolling 12-month contract bid calendar. The Contract Bid Calendar reflects product categories that are scheduled for bid; the calendar quarter the bid will be conducted; the status of each bid, and a contact for the supplier if there are questions. The Contract Bid Calendar is updated bi-monthly or as necessary to reflect any changes to the current bid status. Potential vendors submit their company and product information to Premier through the Product Portal to ensure they are included in the bidding process.

Links:

Information for Potential Vendors:

Premier Contract Bid Calendar:

<http://www.premierinc.com/about/suppliers/bid-calendar/index.jsp>

6.i.1. Yes, Premier lists on its Web site the general criteria which are considered during the identification, review and selection of a new product or technology. These include, but are not limited to: quality, safety, clinical impact, cost effectiveness, physician preference, environmental impact, diversity, breakthrough potential and member input.

Premier's product planning process is designed to be standardized, but flexible. Many factors go into the ultimate selection of a product for contract. The best available clinical and market knowledge, and expert review give Premier member hospitals the information they need to make sound product choices. Applicable products must be FDA-approved and demonstrate that they perform as designed in a safe and effective manner. A number of resources are used to gather

information about products, including: randomized controlled trials published in peer-reviewed professional journals, case studies, market guides or product comparisons, field trials, clinical staff surveys, quality monitors, customer satisfaction data, and financial data. In addition, Premier's Safety Institute may evaluate product-related information/data involving patient and worker safety, as well as environmental issues. A product's functionality must be able to be objectively measured.

Premier's goal is to ensure that all interested suppliers and their products are considered and evaluated in a consistent, timely and fair manner, regardless of the size of a company, the breadth of its product line, or its existing relationship with Premier. Premier's product planning process is shaped by the ever-changing needs of its members. Premier encourages interest from diverse suppliers, including small businesses and those owned by veterans, women and minorities. Premier relies on its members for decisions regarding new product categories and individual contracts. Member committees comprised of clinicians and others regularly meet to review new products and make contract awards.

Link:

Information for potential vendors:

<http://www.premierinc.com/about/suppliers/getting-started/index.jsp>

6ii. Please describe the GPO's disclosure requirements regarding how vendors are to be identified as a responsible bidder.

6ii. Yes, Premier's supplier quality review process is disclosed on our Web site to all potential bidders. The supplier quality review process is designed to establish consistent standards for contracted suppliers.

Premier's supplier quality review process focuses heavily on quality issues, regulatory compliance, safety and environmental policies, capacity, delivery performance, EDI and e-commerce activity and capability, research and development activities, customer service, and technology and software development.

Link:

Information for potential vendors:

<http://www.premierinc.com/about/suppliers/getting-started/index.jsp>

Please include in your answer:

- 6ii.1. Does the GPO publish the general requirements to be considered a responsible bidder?
- 6ii.2. Does the GPO publish specific requirements to be considered a responsible bidder in each specific contract category?

6ii.1.-2. Yes, all vendors who meet our publicly disclosed criteria are eligible to compete for a contract award from Premier. Sourcing committees review the vendor responses to our RFI process and evaluate each vendor within the product category. Premier's Bidder Rights and Responsibilities posted on Premier's Web site details the expectations Premier has for bidding vendors.

Link:

Bidder Rights and Responsibilities:

<http://www.premierinc.com/about/suppliers/bidders-rights-responsibilities.jsp>

6iii. Please describe the GPO's policy with regard to whether all responsible vendors are eligible to compete and receive a contract award under the criteria.

6iii. Yes, all vendors who meet our publicly disclosed criteria are eligible to compete for a contract award from Premier. Sourcing committees review the vendor responses to our product category bidding process and evaluate each vendor within the product category. Premier's Bidder Rights and Responsibilities posted on Premier's Web site details the expectations Premier has for bidding vendors.

Link:

Bidder Rights and Responsibilities:

<http://www.premierinc.com/about/suppliers/bidders-rights-responsibilities.jsp>

Please include in your answer:

6.iii.1. Are all responsible vendors eligible for every contract award, or are there specific requirements for each bid process to be considered for an award?

6iii.1 Yes, all vendors who meet our publicly disclosed criteria are eligible to compete for a contract award from Premier. Sourcing committees review the vendor responses to our product category bidding process and evaluate each vendor within the product category. Premier's Bidder Rights and Responsibilities posted on Premier's Web site details the expectations Premier has for bidding vendors.

Link:

Bidder Rights and Responsibilities:

<http://www.premierinc.com/about/suppliers/bidders-rights-responsibilities.jsp>

6iv. Please describe how the criteria for selection of a vendor is identified and publicized to potential vendors, and followed.

6iv. Premier lists on its Web site the general criteria which are considered during the identification, review, and selection of a new product or technology. These include, but are not limited to: quality, safety, clinical impact, cost effectiveness, physician preference, environmental impact, diversity, breakthrough potential, and member input. Sourcing committees review the criteria for our product category bidding processes and evaluate each vendor within the product category based on the established criteria.

Links:

Process Criteria:

<http://www.premierinc.com/about/suppliers/process-criteria/index.jsp>

Please include in your answer:

- 6iv.1. Are the criteria by which a winning vendor will be selected identified to all bidders?
- 6iv.2. Does the GPO have a process to assure that the criteria are followed in the actual awards?

6iv.1-2. Premier lists on its Web site the general criteria which are considered during the identification, review, and selection of a new product or technology. These include, but are not limited to: quality, safety, clinical impact, cost effectiveness, physician preference, environmental impact, diversity, breakthrough potential, and member input.

Premier's product planning process is designed to be standardized, but flexible. Many factors go into the ultimate selection of a product for contract. The best available clinical and market knowledge and expert review give Premier member hospitals the information they need to make sound product choices.

Applicable products must be FDA-approved and demonstrate that they perform as designed in a safe and effective manner. A number of resources are used to gather information about products, including: randomized controlled trials published in peer-reviewed professional journals, case studies, market guides or product comparisons, field trials, clinical staff surveys, quality monitors, customer satisfaction data, and financial data. In addition, Premier's Safety Institute may evaluate product-related information/data involving patient and worker safety, as well as environmental issues. A product's functionality must be able to be objectively measured.

Premier's goal is to ensure that all interested suppliers and their products are considered and evaluated in a consistent, timely and fair manner, regardless of the size of a company, the breadth of its product line, or its existing relationship with Premier. Premier's product planning process is shaped by the ever-changing needs of its members. Premier encourages interest from diverse suppliers, including small businesses and those owned by women and minorities. Premier relies on its members for decisions regarding new product categories and individual contracts. Member committees comprised of clinicians and others regularly meet to review new products and make contract awards.

Links:

Process Criteria:

<http://www.premierinc.com/about/suppliers/process-criteria/index.jsp>

Premier's Safety Institute:

<http://www.premierinc.com/quality-safety/tools-services/safety//index.jsp>

6v. Please describe GPO's practice with regard to having a fair and unbiased system for evaluating products and services considered for procurement.

Please include in your answer:

- 6v.1. Does the GPO have such a system?

6v.2. Describe the process by which products and services are evaluated.

6.v.1 – 2 Premier utilizes a “strategic sourcing model” that provides a fair and unbiased system for evaluating products and services. This model starts with a value analysis model that looks at non-economic criteria to determine a vendor’s capability to participate in the bidding process. These non-economic criteria include member needs, market capabilities, state of technology within the product space, product breath by vendor, production capability and current market share. Premier utilizes several outside third parties to determine product comparability and technology trends. Vendors are reviewed utilizing an evaluation matrix that is specific for each product category. This process is used to determine which vendors will progress to the economic phase of the analysis. All data generated by staff and third party service organizations is presented to a sourcing committee, made up of Premier members, that has expertise in that specific product category for recommendations and final decisions.

Link:

Information for Potential Vendors:

<http://www.premierinc.com/about/suppliers/getting-started/index.jsp>

6vi. Please describe how this practice includes a preference for competitive procurement.

Please include in your answer:

1. Describe your policies that support competitive procurement.

6vi.1 Premier actively engages in a competitive procurement process. Our process consists of notice to prospective suppliers with open specifications, giving equal opportunity to all bidders. The process requires that each bidder bid on the same item(s) under the same terms and conditions.

Link:

Premier Bid Calendar:

<http://www.premierinc.com/about/suppliers/bid-calendar/index.jsp>

6vii. Please describe the GPO’s policy with regard to the appropriate use of single, sole, dual, and multi-source procurement.

Please include in your answer:

- 6vii.1. Does the GPO have a policy for sole, dual and multi-source procurement?
- 6vii.2. When will sole and dual source procurement be used?
- 6vii.3. Describe the GPO’s process for awarding contracts including contracts awarded to a single vendor where there is no exclusivity provision in the contract.

Sole and dual source contracts are contracts that contain exclusivity language that prevents the GPO from entering into a contract with more than one or two vendors.

6vii.1.-3 Premier has adopted policies requiring multi-source contracts in areas of Physician Preference products and services. Premier’s Group Purchasing Code of Conduct, “Use of Contracting Tools,” section 11.b. states, “Limitation on Sole-Source Contracts:” All Premier GPO contracts for Physician Preference Products and Services should be multi-sourced.” Member committees use an established criteria matrix to determine if the product is considered a Physician Preference Product or Service. Premier does have sole source contracts in areas of non-clinical preference, where standardization or volume results in substantial value for our members.

Regardless of whether or not contracts are awarded as multi-sourced or sole-sourced, the contract decision is always made by Premier member hospitals through Premier’s member Sourcing Committees. They not only review pricing information, but look at the total value proposition provided by each supplier. This may include warranty, service offerings, training, product differentiation that may impact length of stay or infection rates, etc. This total value which incorporates total cost of ownership guides the committee in determining which suppliers are awarded contracts for what products or services, and whether or not the award should be multi-sourced, for choice, or sole-sourced for significant differentiated value.

Links:

Group Purchasing Code of Conduct Section 11.b.:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

6viii. Please describe the GPO’s process for ensuring that administrative fees do not encroach upon the best interests of the member organizations.

Please include in your answer:

- 6viii.1. What is the GPO’s practice regarding the amount of administrative fees accepted?
- 6viii.2. Under what conditions does the GPO accept administrative fees beyond 3 percent, requiring specific (not blanket) disclosure under the Federal Regulatory Safe Harbor provisions?
- 6viii.3. Please describe the range of administrative fees accepted.
- 6viii.4. Does the GPO accept other kinds of fees from vendors, such as marketing fees, equity, signing bonuses, and upfront fees? Please describe these other fees and how prevalent they are.
- 6viii.5. Does the GPO impose a minimum fee requirement for suppliers, and if so, under what circumstances?

6.viii.1 Premier’s Group Purchasing Code of Conduct, “Use of Contracting Tools,” sections 11.g.-11.l. states the following: 11.g. Cap on Administrative Fees. “No Premier GPO contract should require administrative fees in excess of 3%.”

6.viii.2. Premier does not accept administrative fees beyond 3%.

6viii.3. Premier accepts administrative fees up to but never exceeds 3%.

6viii.4 Premier’s Group Purchasing Code of Conduct states the following: 11.i. No Up-Front Administrative Fees. “No Premier GPO contract should charge up-front administrative fees from Participating Vendors.” 11.j. No Administrative Fees in the Form of Vendor Equity. “No Premier GPO contract should permit administrative fees to be paid in the form of Vendor Equity.” 11.k. No Marketing or Other Fees from Vendors. “Premier GPOs should not receive marketing fees from Participating Vendors.”

6viii.5. Premier does not impose any kind of minimum fee for suppliers to participate. Premier does state a standardize administrative fee for each contract category so that all administrative fees paid by any vendor will comply with Premier’s Code of Conduct 11.h. Standardization of Administrative Fees. “Administrative fees should be standardized for each bid process and product or service category, and stated in advance to all bidders in that category, unless economic conditions require a differing structure in the best interest of hospitals members.”

Link:

Group Purchasing Code of Conduct section 11.g.-11.l.:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

6ix. Please describe the GPO’s policy to ensure the appropriate use of bundling products and the length of contracts for clinical preference products.

Please include in your answer:

- 6ix.1. Describe the GPO’s policy guiding the use of bundling.
- 6ix.2. Does the GPO permit bundling of unrelated products or services from the same vendor? When?
- 6ix.3. Does the GPO permit bundling of unrelated products or services from different vendors? When?
- 6ix.4. Describe the GPO’s policy guiding the appropriate length of contracts for clinical preference products.

6ix. 1-3 Premier’s Code of Conduct states that GPO contracts will not bundle Physician Preference products with unrelated products.

6ix.4. Premier’s Code of Conduct states that contracts should be for 3 years or less, unless economic conditions require longer term agreements in the best interest of hospital members. It is anticipated that there will be few exceptions to the 3 year limitation and that exceptions will be approved by senior management and reported to the board of directors at the next board meeting.

6x. Please describe whether the GPO has a private label program for medical products.

Please include in your answer:

- 6x.1. Describe the medical products the private label program covers.
- 6x.2. Describe the GPO's practice regarding the fees derived from this private label program?
- 6x.3. Please describe the range of private label fees accepted.
- 6x.4. Describe any internal policies that address the private labeling of medical products.

6.x.1-4 Premier does not have a private label program for any products or services.

7. Please describe the GPO's publicly available policy and procedure that addresses vendor rights, including a procedure for vendor grievances.

Please include in your answer:

- 7.1. Please describe the GPO's policy and procedure related to vendor rights and where is it available.
- 7.2. How does the GPO address vendor grievances?
- 7.3. Please describe in general the grievance process.

7.1-3. Premier has a Statement of Vendor Rights and Responsibilities and a Vendor Grievance Policy and Process. Both can be found on Premier's Web site. The grievance process ensures a vendor's ability to access Premier's contacting staff and leadership to address concerns, grievances or complaints relating to the contract award process or general concerns. Grievances relating to the contract award process for products or services are reviewed by the member sourcing committee responsible for a product category. A committee's final recommendations are reviewed by Premier senior management, and the supplier receives a detailed response in writing stating the outcome of the committee's review and final decision.

8. Please describe the GPO's policy and process to evaluate and provide opportunities to contract for innovative clinical products and services.

Please include in your answer:

- 8.1. Does the GPO have a process for evaluating innovative technologies? Please describe the process in general.
- 8.2. Does the GPO have the right to write a new contract at any time for innovative technology? Describe.
- 8.3. How does the GPO ensure innovative technology provisions exist in vendor contracts?
- 8.4. Are GPO members allowed to evaluate products from vendors, regardless of whether such vendor has a contract with the GPO?
- 8.5. Are GPO members allowed to communicate with all vendors, regardless of whether the vendor has a contract with the GPO?
- 8.6. Are GPO members allowed to purchase non-contracted products of clinical preference products or services directly from vendors?

8.1-3.

Premier's Technology Breakthroughs Program is another proven way small and diverse businesses can access Premier contracts. Premier has found that new and innovative products are often brought to the market by entrepreneurs who meet one or more of the criteria of Premier's supplier diversity initiative. To eliminate contractual barriers and ensure that members who use Premier's purchasing contracts can acquire superior new medical technology – regardless of existing purchasing commitments, all Premier contracts include a “breakthrough technology” clause. Since its inception in 1999, the Technology Breakthroughs Program has helped facilitate the introduction of dozens of innovative products and has conducted formal reviews of 74 new technologies.

8.4-6 Premier's Group Purchasing Code of Conduct states that members can communicate directly with vendors to assess products or services provided by vendors and that members may purchase physician preference products directly from vendors who do not contract with the GPO.

Links:

www.premierinc.com/about/suppliers/techbreakthroughs/index.jsp.

9. Please describe the GPO's program or activities that encourage contracting with small, women-owned and minority businesses.

Please include in your answer:

- 9.1. Please describe the program or activities and indicate specifically which types of businesses are included in the program
- 9.2. Please provide current statistics reflecting the percentage by dollar value and number of contract awards to support the program.

Last year's answer for reference: This needs to be updated by Deborah.

9.1. Access to diversity suppliers expands choice and strengthens the availability of quality products, while providing Premier members with diversity purchasing options. Supporting minority and women-owned businesses is a frequent and very tangible member goal that demonstrates support of their local community. At Premier, supplier diversity is more than a concept. It is fully integrated into the product evaluation process and is an important part of every contracting decision. Premier's industry-leading initiative helps minority, women, veteran and small businesses compete in the healthcare market while supporting members' efforts to encourage supplier diversity in all its forms.

9.2. Twenty-eight percent of Premier's contract portfolio in FY2007 was comprised of diversity suppliers and included agreements with minority (MBE), woman (WBE), veteran (VBE), and small business (SBE) suppliers. Premier's diversity initiative has resulted in more than 212 contracts with 185 companies, and that number continues to grow. In the past year, Premier members have spent over \$19 million on products supplied by diversity companies, a number that continues to climb steadily each year.

Links:

www.premierinc.com/supplierdiversity.

10. Please 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.

Please include in your answer:

- 10.1. Does the GPO distribute the code of conduct to all employees? By what manner is the code provided to employees? How often?
- 10.2. Where can the code be found electronically?
- 10.3. Does the GPO distribute its code of conduct to all members of clinical advisory committees? How often?
- 10.4. Does the GPO distribute the code to all of the board of directors? How often?
- 10.5. Does the GPO distribute its code of conduct to all agents and contractors that participate in the GPO activity? How often?
- 10.6. Does the GPO distribute its code to vendors and others with whom it does business?

10.1. Annually, as part of orientation and ongoing training initiatives, all employees receive the Code of Conduct and Business Conduct Guidelines training where they receive a copy of the Code of Conduct. They also have online access to both the code and the guidelines

10.2. Links to applicable documents:

Group Purchasing Code of Conduct:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

Business Conduct Guidelines:

http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/BCG/Business_Conduct_Guide.pdf

10.3. Annually, all new and returning committee members attend Premier’s All- Committee meeting. During this meeting, all committee members receive a committee manual that includes a copy of Premier’s Group Purchasing Code of Conduct. Premier also provides training to committee members.

10.4. Annually, during the annual conflict of interest disclosure process, each member of Premier’s Board of Directors receives the Group Purchasing Code of Conduct.

10.5. Agents and contractors have on-line access to the Group Purchasing Code of Conduct and the Business Conduct Guidelines at all times and are given copies of the Code as applicable.

10.6 Premier Participating Vendors receive a copy of the Group Purchasing Code of Conduct as part of the contracting process and then annually, all Participating Vendors receive a letter and a reminder regarding Premier’s Group Purchasing Code of Conduct.

Links:

Business Conduct Guidelines:

http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/BCG/Business_Conduct_Guide.pdf

Group Purchasing Code of Conduct:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/COC/code-of-conduct-feb-2006-version-printable.pdf>

11. Please describe how new employees involved in group purchasing are provided an orientation to the written code of business ethics and conduct.

Please include in your answer:

- 11.1. Do all new employees involved in group purchasing get a copy of the code during their orientation?
- 11.2. Do all new employees get some type of orientation to or discussion of the code? Please describe the orientation.

11.1 – 11.2 Yes, as part of orientation and ongoing training initiatives, **all** new employees receive ethics and compliance training and receive a copy of the Group Purchasing Code of Conduct and the Business Conduct Guidelines. Additional concentrated training is provided for all new employees involved in group purchasing.

12. Please describe the nature and content of the GPO’s annual employee refresher training on the written code of business ethics and conduct.

Please include in your answer:

- 12.1. Which employees receive annual refresher training?

12.2. Please describe the content of the training and the method of delivery.

12.1-2. All Premier employees receive annual refresher training. In 2008, the Ethics and Compliance office conducted 50 mandatory ethics training sessions for all Premier employees. 100 percent of Premier employees participated in a one-hour trainer-led session updating them on current ethics and compliance issues.

13. Please 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.

Please include in your answer:

- 13.1. Does the GPO have a mechanism for employees to report possible violations of the code to someone other than the direct supervisor? Please describe the mechanism.
- 13.2. What process is used to protect the confidentiality of the reporting employee's identity?
- 13.3. What safeguards are in place to mitigate the opportunities for retaliation?

13.1-3 Yes, Premier has established an Ethics and Compliance Officer. Premier's Ethics and Compliance office reports directly to Premier's Audit Committee of the Board of Directors. The Ethics and Compliance Officer, with the oversight of the Audit Committee, maintains a system for employees to report, anonymously if they so choose, violations of Premier's Group Purchasing Code of Conduct, Business Conduct Guidelines, and other policies. Premier has used an outside vendor for the past several years to receive inquiries. In 2004, Premier switched to Ethicspoint, a third-party that provides comprehensive Internet and telephone-based reporting tools to Premier employees. Ethicspoint offers a confidential avenue to raise issues and concerns and is available 24/7. Premier also launched a comprehensive communication campaign to employees explaining the different reporting channels available. Premier's Business Conduct Guidelines state that employees may contact the Ethics and Compliance Office (ECO) without any fear of retaliation. When employees contact the office, they can expect the following:

- Their concern or questions will be taken seriously.
- They will reach an agreement with the ECO as to the steps that will be taken to address their concern. Premier's Legal and Human Resources Departments will become involved in the process as appropriate. Premier's policy stipulates that Human Resources be involved in any suspected case of sexual harassment. If their concern involves suspected illegal activity, the ECO must consult with Premier's Legal Department.
- Their request for information or action will be handled promptly, discreetly, and professionally. Discussions and inquiries will be kept in strict confidence to the extent appropriate or permitted by policy or law.
- Their right to remain anonymous will be respected, although they are encouraged to identify themselves.

Premier has a stated non-retaliation policy and takes retaliation seriously. An individual who retaliates against an employee who has raised an ethics issue faces serious consequences up to and including termination.

Links:

Information on Premier’s anonymous reporting mechanism:

<http://www.premierinc.com/about/mission/ethics-compliance/Resource%20Booklets/GuideLine/Brochure%20-%20Ethics%20&%20Compliance%20Reporting%20Tools.pdf>

Premier’s anonymous reporting mechanism:

www.ethicspoint.com

14. Please describe the mechanism the GPO utilizes to follow up on reports of suspected violations to determine what occurred and who was responsible, and to recommend corrective and other actions.

Please include in your answer:

14.1. Describe the process to evaluate, investigate and resolve the report or concern and to review related current policies and practices for possible revision.

14.1 Yes, Premier’s Ethics and Compliance Office has established a dedicated system for evaluating, investigating and resolving reports of suspected violations. The ECO database tracks all inquiries to the Ethics and Compliance Office and provides detailed information on the individuals involved as well as the outcomes. The Ethics and Compliance Officer meets regularly with the Audit Committee of the Board of Directors and reviews reports and incidents raised to the Office.

15. Please describe how the GPO employees’ compliance with its written code of business ethics and conduct is measured in their job performance?

Please include in your answer:

15.1. Is ethical conduct or conduct consistent with the written code of conduct an explicit standard by which all employees and levels of supervision are measured in their job performance?

15.2. Describe how ethics is evaluated and taken into account.

15.1-2 All employees are evaluated annually using a competency assessment tool. The tool includes a ranking of employee competencies related to demonstrating and adhering to Premier’s Group Purchasing Code of Conduct. This assessment tool is a factor in calculating annual pay increases.

16. Please describe the processes the GPO utilizes to monitor, on a continuing basis, adherence to the written code of business ethics and conduct, and with applicable federal laws.

Please include in your response:

- 16.1. Is there a process to evaluate at least annually the GPO's adherence to the law and to the code of conduct? Please describe.
- 16.2. Who conducts the evaluation(s)?
- 16.3. To whom are reports of the evaluation(s) provided (e.g., Board, CEO)?

16.1-3. Annually, the Ethics and Compliance office monitors adherence to the Code of Conduct by using its VERIFY process. This process requires each Code process owner to state that Premier is in compliance with its Code of Conduct. Premier also audits its adherence to its Code of Conduct on an ongoing basis by having audits performed by a third-party and reported to the Board Audit Committee. Reports include recommendations for improving adherence to the code. Pursuant to Premier's Purchasing Group Code of Conduct, Premier has committed to "stay abreast of changes and new developments" in pertinent federal and state law. As part of that effort, Premier has retained McDermott Will & Emery LLP to furnish a report summarizing recent developments governing application of the federal health care program anti-kickback law and the federal civil false claims act to group purchasing organization activities. This report is provided to the Board and to senior management.

17. Please describe how the GPO fulfilled its obligation to participate in the most recent Best Practices Forum.

Please include in your answer:

- 17.1. Please state how many company persons attended the Best Practices Forum in Washington, DC in January 2008.
- 17.2. Please name the most senior executive who attended.

17.1.-2. In 2008, several Premier employees attended the Best Practices Forum and participated in panel discussions. Attendees included Susan DeVore, Premier's Chief Operating Officer, Mike Alkire, President of Purchasing Partners, Blair Childs, Senior Vice President, Public Affairs, Marketing and Communications, and Ann Rhoads, Chief Financial Officer.

18. Please describe how the GPO reports to the company's Board of Directors or its Audit or other appropriate committee on the GPO's ethics and compliance program and its commitment to the Initiative's Principles.

Please include in your answer:

- 18.1. Are periodic reports on the company'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?
- 18.2. Are periodic reports on the company's participation in the Initiative made to the GPO's board of directors or a committee of the board? If so, please state how often and in general, what information is reported?

18.1-2 The ethics and compliance officer provides quarterly reports to the Board Audit Committee regarding the implementation of and compliance with the Code of Conduct as well as information related to Premier's participation in the HGPII. Premier audits its adherence to its Code of Conduct on an ongoing basis. These audits are performed by a third-party and reported to the Board Audit Committee. Reports include recommendations for improving adherence to the code. The Legal Department also monitors compliance with applicable federal laws.

19. Please name the senior manager assigned responsibility to oversee the business ethics and conduct program.

Please include in your answer:

- 19.1. The name and title of the individual.
- 19.2. Contact information for the individual.
- 19.3. Please give the contact information for the person responsible for responding to questions related to this report.

19.1-3 Megan Barry, VP of Ethics and Compliance, reports directly to the Audit Committee of Premier's Board of Directors and has responsibility for overseeing the ethics and compliance function. Megan Barry can be contacted at megan_barry@premierinc.com. Ms. Barry is also responsible for questions related to this report.

Link:

Contact Information for Megan Barry:

www.premierinc.com/about/mission/ethics-compliance/contacts.jsp