

**On April 18, 2007, Consorta became an equity owner in HealthTrust Purchasing Group. While Consorta will remain an independent organization, HealthTrust will be responsible for all GPO operations, including the majority of contracting. Consorta's response to the 2007 Annual Public Accountability Questionnaire is based on the minimal contracting efforts that will remain at Consorta.**

**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.

*Consorta has a written code of business ethics and conduct entitled, **Code of Conduct**, which was approved by its Board of Directors on January 15, 2003.*

1.2. Summary of the key components of the GPO's written code of business ethics and conduct.

*Consorta's proposed Code of Conduct is divided into six (6) different sections and includes a posting plan. These sections include:*

- *Contracting Strategy and Policy*
- *Commitment Requirements*
- *Ethics and Conduct by Consorta Staff*
- *Reporting to Members*
- *Compliance*
- *Confidentiality Policy*

*This Code of Conduct is applicable to all Consorta operations, and each cooperative allocation unit operated by Consorta.*

1.3. Identification of changes that have been made to the written code of business ethics and conduct since last year.

*The Code was modified and approved by Consorta's Board of Director's on September 10, 2008. The changes made reflect Consorta's equity interest in HealthTrust Purchasing Group and Consorta's utilization of their contract portfolio.*

Links: <http://www.consorta.com/about/code.aspx>

Supporting Documents: *Consorta Code of Conduct.*

**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.**

Please include in your answer:

2.1. Who is covered by your conflict of interest policies?

a) All employees or employees directly involved in purchasing?

*All employees and member representatives serving on the Board and various clinical and non-clinical committees are covered by a conflict of interest policy. Specifically, the employee policy reads as follows:*

***Consorta Employee Conflict of Interest Disclosure Policy***

*All Consorta employees have an obligation to conduct business within guidelines and hold themselves to high standards that prohibit actual or potential conflicts of interest. An actual or potential conflict of interest occurs when a member of staff is in a position to influence a decision that may result in a personal gain for that individual or for a relative as a result of Consorta's business dealings. Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which Consorta does business, but also when an employee or a relative receives any kickback, bribe, gift greater than Nominal Value, or special consideration as a result of any transaction or business dealings involving Consorta. It is imperative for the protection of all parties that Consorta employees disclose the existence of any actual or potential conflict of interest.*

***Gifts, Gratuities and Entertainment***

*Consorta staff, their spouses, and their minor children shall not accept any gift, gratuity, or any form of entertainment greater than Nominal Value from any contracted supplier, or any supplier who could potentially become a contracted supplier of Consorta at any time.*

***Business Meals***

*Consorta recognizes that certain meetings may occur in concert with breakfast, lunch, dinner, or at times and in places where refreshments are served. In those instances where such meetings occur, Consorta will cover the cost of food and beverage for such meetings for Consorta staff. Reimbursement for such meals and refreshments shall be made using the standard Consorta expense reimbursement form(s), and such expenses will be charged to the Consorta employee's cost center.*

***Conflicts of Interest—Consorta Staff***

*No Consorta employee, their spouse or their minor children may hold any Individual Equity Interest in any contracted supplier, or in any supplier who could potentially do business with Consorta at any time in the future. Consorta shall not be responsible for any capital gains or the*

*related taxes associated with such gains upon disposal of such an interest. Consorta shall not be liable for any capital losses incurred by an employee making such a disposal.*

*On an annual basis, , an **Annual Statement of Conflict of Interest Disclosure** is distributed to all Consorta staff for completion. Each individual statement is returned to Consorta's Human Resource Department in a sealed, confidential envelope. Consorta's senior management team reviews all signed statements, and all information contained therein will be held in the utmost of confidentiality. Any disclosures that raise a question shall be reviewed by Consorta senior management with the Executive Committee of the Board of Directors.*

*All Consorta staff are also asked to sign Confidentiality Agreements (see Consorta Confidentiality Policy). All new employees are expected to sign the Confidentiality Agreement prior to receiving any confidential Consorta information. Consorta's senior management team review all signed statements, and all information contained therein is held in the utmost of confidentiality.*

*Employees who improperly use or disclose trade secrets or confidential business information, or who fail to disclose Conflicts of Interest, are subject to further action, up to and including termination of employment, even if they do not actually benefit from the disclosed information or business relations deemed to be a conflict of interest.*

*This Conflict of Interest Disclosure Policy works in concert with Consorta's Code of Conduct.*

*Links:*

<i>Supporting Documents</i>	<i>Consorta Employee Annual Statement of Conflict of Interest Disclosure</i>
	<i>Consorta Employee Conflict of Interest Disclosure Policy</i>
	<i>Consorta Staff Member Confidentiality Agreement</i>
	<i>Consorta Employee Confidentiality Policy</i>

b) All executives of the company or those directly supervising purchasing activity?

*All employees including all executives are covered by Consorta's conflict of interest policies.*

c) The board of directors?

*Consorta requires that any non-employee officer, director or member of a committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions disclose any Individual Equity Interests in any current or potential supplier to the Consorta Executive Committee on an annual basis, and they must recuse themselves from any and all negotiations or decisions relating to the contracted supplier or potential supplier.*

*In addition, all members of the Board of Directors, Committees, Subcommittees, Ad-Hoc Group and Task Forces are also covered under the policy. Specifically, the policy for Non-Employee, Officers, Directors or Advisors reads as follows:*

***Consorta Non-Employee, Officers, Directors or Advisors Conflict of Interest Disclosure Policy:***

*All members (hereafter “members”), of the Board of Directors, Committees, Subcommittees, Ad-Hoc Group and Task Forces have an obligation to conduct business within guidelines and hold ourselves to high standards that prohibit actual or potential conflicts of interest.*

*An actual or potential conflict of interest occurs when a member is in a position to influence a decision that may result in a personal gain for that individual or for a relative as a result of Consorta’s business dealings. Personal gain may result not only in cases where a member or relative has a significant ownership in a firm with which Consorta does business, but also when a relative receives any kickback, bribe, gift greater than nominal value, or special consideration as a result of any transaction or business dealings involving Consorta. It is imperative for the protection of all parties that Consorta Board and Committee members disclose the existence of any actual or potential conflict of interest.*

*Conflicts of Interest—Non-Employee Officers, Directors, or Advisors*

*Any non-employee officer, director, or member of a Consorta committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions who accepts any gifts, entertainment, favors, honoraria, or personal services payments of any value from any current or potential supplier shall disclose such transactions to the Consorta Executive Committee and will recuse themselves from any and all negotiations or decisions relating to the contracted supplier or potential supplier.*

*Consorta shall require any non-employee officer, Director or member of a committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions to disclose any Individual Equity Interests in any current or potential supplier on to the Consorta Executive Committee on an annual basis, and to recuse themselves from any and all negotiations, or decisions relating to the contracted supplier or potential supplier.*

*1. On an annual basis, an Annual Statement of Conflict of Interest Disclosure will be distributed to all Consorta members for completion. Each individual statement will be returned to Consorta’s Administration in a sealed, confidential envelope. Consorta’s senior management team will review all signed statements, and all information contained therein will be held in the utmost of confidentiality. Any disclosures that raise a question shall be reviewed by Consorta management with the Executive Committee of the Board of Directors.*

*2. All members will also be asked to sign Confidentiality Agreements (see Consorta Confidentiality Policy). All new members will be expected to sign the Confidentiality Agreement prior to receiving any confidential Consorta information. Consorta’s senior management team will review all signed statements, and all information contained therein will be held in the utmost of confidentiality.*

3. *Members who improperly use or disclose trade secrets or confidential business information, or who fail to disclose Conflicts of Interest, will be subject to further action by the Board of Directors, up to and including termination of their membership on a Board, Committee, Sub-Committee, Ad-Hoc Committee or Task Force, even if they do not actually benefit from the disclosed information or business relations deemed to be a conflict of interest.*

4. *This Conflict of Interest Disclosure Policy works in concert with Consorta's Code of Conduct.*

*Links:*

*Supporting Documents:*      *Consorta Non-Employee, Officers, Directors or Advisors Annual Statement of Conflict of Interest Disclosure*  
*Consorta Non-Employee, Officers, Directors or Advisors Conflict of Interest Disclosure Policy*  
*Consorta Non-Employee Confidentiality Policy*

d) *Members of clinical advisory committees?*

*Consorta requires any non-employee officer, director or member of a committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions to disclose any Individual Equity Interests in any current or potential supplier on to the Consorta Executive Committee on an annual basis, and to recuse themselves from any and all negotiations, or decisions relating to the contracted supplier or potential supplier.*

*Details of the policy are set forth in the response to the previous question.*

e) *Any other groups?*

*Consorta requires any non-employee officer, director or member of a committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions to disclose any Individual Equity Interests in any current or potential supplier on to the Consorta Executive Committee on an annual basis, and to recuse themselves from any and all negotiations, or decisions relating to the contracted supplier or potential supplier.*

*Details of the policy are set forth in the response to the previous question.*

2.2. *What are the primary conflict of interest constraints for each of the categories listed in the question above?*

a) *No equity investments in participating vendors or disclosure of equity investments? (Or no investments above a threshold dollar level?)*

*STAFF:*

*The Consorta Code of Conduct prohibits employees from holding equity investments in participating vendors or potential vendors. The specific language is as follows:*

### ***Conflicts of Interest—Consorta Staff***

*No Consorta employee, their spouse or their minor children may hold any Individual Equity Interest in any contracted supplier, or in any supplier who could potentially do business with Consorta at any time in the future.*

#### ***CLINICAL ADVISORY MEMBERS AND MEMBERS OF THE BOARD OF DIRECTORS:***

*Clinical Advisory members and members of the Board of Directors and/or the GPO's governing body, are required to disclose any conflicts of interest and recuse themselves from voting on contracting decision in which a potential conflict may exist. The Conflict of Interest Disclosure Policy is as follows:*

#### **Policy**

*All members (hereafter "members"), of the Board of Directors, Committees, Subcommittees, Ad-Hoc Group and Task Forces have an obligation to conduct business within guidelines and hold ourselves to high standards that prohibit actual or potential conflicts of interest.*

*An actual or potential conflict of interest occurs when a member is in a position to influence a decision that may result in a personal gain for that individual or for a relative as a result of Consorta's business dealings. Personal gain may result not only in cases where a member or relative has a significant ownership in a firm with which Consorta does business, but also when a relative receives any kickback, bribe, gift greater than nominal value, or special consideration as a result of any transaction or business dealings involving Consorta. It is imperative for the protection of all parties that Consorta Board and Committee members disclose the existence of any actual or potential conflict of interest.*

### ***Conflicts of Interest—Non-Employee Officers, Directors, or Advisors***

*Any non-employee officer, director, or member of a Consorta committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions who accepts any gifts, entertainment, favors, honoraria, or personal services payments of any value from any current or potential supplier shall disclose such transactions to the Consorta Executive Committee and will recuse themselves from any and all negotiations or decisions relating to the contracted supplier or potential supplier.*

*Consorta shall require any non-employee officer, Director or member of a committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions to disclose any Individual Equity Interests in any current or potential supplier on to the Consorta Executive Committee on an annual basis, and to recuse themselves from any and all negotiations, or decisions relating to the contracted supplier or potential supplier.*

- 1. On an annual basis, an **Annual Statement of Conflict of Interest Disclosure** will be distributed to all Consorta members for completion. Each individual statement will be*

*returned to Consorta's Administration in a sealed, confidential envelope. Consorta's senior management team will review all signed statements, and all information contained therein will be held in the utmost of confidentiality. Any disclosures that raise a question shall be reviewed by Consorta management with the Executive Committee of the Board of Directors.*

2. *All members will also be asked to sign Confidentiality Agreements (see Consorta Confidentiality Policy). All new members will be expected to sign the Confidentiality Agreement prior to receiving any confidential Consorta information. Consorta's senior management team will review all signed statements, and all information contained therein will be held in the utmost of confidentiality.*
  3. *Members who improperly use or disclose trade secrets or confidential business information, or who fail to disclose Conflicts of Interest, will be subject to further action by the Board of Directors, up to and including termination of their membership on a Board, Committee, Sub-Committee, Ad-Hoc Committee or Task Force, even if they do not actually benefit from the disclosed information or business relations deemed to be a conflict of interest.*
  4. *This Conflict of Interest Disclosure Policy works in concert with Consorta's Code of Conduct.*
- b) No service on boards of directors of participating vendors or disclosure of board of director positions?

*STAFF:*

*While there is no formal directive concerning Consorta staff serving on boards of directors of participating vendors, this is covered in Consorta's Conflict of Interest Disclosure Policy, which works in concert with Consorta's Code of Conduct, and covers this potentiality.*

*CLINICAL ADVISORY MEMBERS AND MEMBERS OF THE BOARD OF DIRECTORS:*

*Any non-employee officer, director, or member of a Consorta committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions who accepts any gifts, entertainment, favors, honoraria, or personal services payments of any value from any current or potential supplier shall disclose such transactions to the Consorta Executive Committee and will recuse themselves from any and all negotiations or decisions relating to the contracted supplier or potential supplier.*

- c) Are gifts allowed to be accepted from or provided to vendors? If yes, please describe the limitations.

*STAFF:*

*Consorta's Code of Conduct strictly prohibits all employees from participating in any of these activities. Specifically, the Consorta Code reads as follows:*

*Gifts, Gratuities and Entertainment*

*Consorta staff, their spouses, and their minor children shall not accept any gift, gratuity, or any form of entertainment greater than Nominal Value from any contracted supplier, or any supplier who could potentially become a contracted supplier of Consorta at any time. This prohibition set forth in Consorta's Code of Conduct applies to Consorta's employees.*

*CLINICAL ADVISORY MEMBERS AND MEMBERS OF THE BOARD OF DIRECTORS:*

*Any non-employee officer, director, or member of a Consorta committee, board, advisory board or ad-hoc committee in a position to influence Consorta contracting decisions who accepts any gifts, entertainment, favors, honoraria, or personal services payments of any value from any current or potential supplier shall disclose such transactions to the Consorta Executive Committee and will recuse themselves from any and all negotiations or decisions relating to the contracted supplier or potential supplier.*

d) Are meals or entertainment allowed to be accepted or provided to vendors?

*STAFF:*

*Consorta's Code of Conduct prohibits all employees from participating in any of these activities. Specifically, the Consorta Code reads as follows:*

*Gifts, Gratuities and Entertainment*

*Consorta staff, their spouses, and their minor children shall not accept any gift, gratuity, or any form of entertainment greater than Nominal Value from any contracted supplier, or any supplier who could potentially become a contracted supplier of Consorta at any time. This prohibition set forth in Consorta's Code of Conduct applies to Consorta's employees. Clinical advisory members and members of the Board of Directors and/or the GPO's governing body, are required to disclose any conflicts of interest and recuse themselves from voting on contracting decision in which a potential conflict may exist.*

*CLINICAL ADVISORY MEMBERS AND MEMBERS OF THE BOARD OF DIRECTORS:*

*Clinical advisory members and members of the Board of Directors and/or the GPO's governing body, are required to disclose any conflicts of interest and recuse themselves from voting on contracting decision in which a potential conflict may exist.*

e) Other constraints?

*There are no other constraints.*

**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.<sup>1</sup>**

Please include in your answer:

3.1. List other lines of business or investments of the GPO or affiliates.

*Consorta has no other lines of business or investments. It is solely a GPO with no affiliate businesses.*

3.2. List other lines of business or investments of its parent company or parent affiliates.

*Consorta has no other lines of business or investments. It is solely a GPO with no affiliate businesses.*

3.3. What other services does the GPO and its parent company and/or affiliate sell to vendors?

*Consorta sells no other services to its 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?

*Since Consorta has no other lines of business, no conflict of interest is possible.*

- 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?

*Consorta's Code of Conduct expressly prohibits the organization from holding equity interests in any participating vendor or potential vendor. Specifically, the Code reads as follows:*

***Consorta Corporate Individual Equity Interests***

*Consorta has not, and shall not in the future hold any Individual Corporate Equity Interests in any supplier or potential supplier.*

- 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?

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<sup>1</sup> 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))

*Consorta no longer holds an annual resource management conference.*

- 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?

*Consorta does accept a limited number of unrestricted educational grants to underwrite educational programs for the benefit of Consorta members. The educational programs are closely scrutinized by Consorta staff to ensure that they are truly educational and not simply sales or marketing efforts. It is clearly stated up front, prior to the acceptance of any grant that any educational funding is completely separate and distinct from any contracting opportunities and that grants do not and will not have any effect in current or future contracting decisions.*

**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?

*Consorta has historically operated transparently, and reports extensively to its members. Consorta reports the sources and uses of all funds on a regular basis to all members. Consorta provides a full accounting of all sources of revenue on annual basis, with certain reports including a full financial statement provided to Consorta's shareholders on a monthly basis. All revenues reported include contract administrative fees (CAF), which are cash rebates received by Consorta on behalf of members, as well as "other revenue," including interest, payment by suppliers for education, sponsorship of activities and events, and any other revenue reflected on Consorta's Income Statement.*

Links: [http://www.consorta.com/press/annual\\_report.aspx](http://www.consorta.com/press/annual_report.aspx)

Supporting Documents: 2000 Annual Report, 2001 Annual Report, 2002 Annual Report, 2003 Annual Report, 2004 Annual Report, 2005 Annual Report, 2006 Annual Report, 2007 Annual Report.

- 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?

*As stated above, Consorta reports to its members all payments received from vendors.*

4.3. Does the GPO accept marketing fees?

*Consorta does not accept marketing fees.*

4.4. Does the GPO accept partnership incentives?

*Consorta does not accept partnership incentives.*

4.5. Does the GPO accept equity?

*The Consorta Code of Conduct prohibits the organization from having any equity interest in any supplier or potential supplier. Consorta does not accept equity in any form. The Code reads as follows:*

***Consorta Corporate Individual Equity Interests***

*Consorta has not, and shall not in the future hold any Individual Corporate Equity Interests in any supplier or potential supplier.*

4.6. Does the GPO accept upfront fees?

*Consorta does not accept upfront fees of any kind.*

4.7. Does the GPO accept honoraria?

*Consorta does not 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.

*In the past, Consorta's practice was to return all administrative fees received on purchases made by an ineligible member. In most cases, the amounts were nominal. However, over time the administrative costs and labor involved in processing and returning these fees became expensive and time-consuming. Therefore, in order to reduce this costly overhead, Consorta changed its practice. Currently, Consorta retains all fees received unless the payment is unusually large in which case; the fees are returned to the vendor.*

**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.

*Consorta has historically operated transparently, and reported extensively to its members. Consorta continues to report the sources and uses of all funds on a regular basis to all members. Consorta provides a full accounting of all sources of revenue on annual basis, with certain reports provided to Consorta's members on a monthly basis. All revenues reported include contract administrative fees (CAF), cash rebates received by Consorta on behalf of members, as well as "other revenue," including interest, payment by suppliers for education, sponsorship of activities and events, and any other revenue reflected on Consorta's Income Statement.*

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?

*Consorta does not pay fees to members upon signing or re-signing of a participation agreement with the GPO or upon renewal of membership in the GPO program.*

**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?

*Consorta maintains a bid and award process that enhances competitive contracting consistent with the tenor of the Competition in Contracting Act of 1984 (41 U.S.C. 253). The Consorta process promotes full and open competitive procedures; limits any restrictions that would adversely affect solicitation to small business concerns; adheres to stringent criteria in awarding contracts available from only one source; and is cognizant of simplified procedures for contracts involving small purchases as included in the Competition in Contracting Act. Consorta believes its contracting policies demonstrate the key principles embodied in the Federal Act.*

*Links:*

*Supporting Documents: Due to our recent transaction with HealthTrust Purchasing Group, Consorta is in the process of updating our bid and award processes.*

6.2 Is the description on a public website or sent to those who inquire, or provided in some other way?

*Consorta seeks to use full open competition by identifying and publishing to a wide supplier audience its intent to contract for specific products and services. Consorta's contracting staff seeks to identify all viable suppliers of each product category for which Consorta proposes to contract, and actively informs and solicits suppliers through the use of Requests for Proposal (RFPs), and through the supplier section of our Web site, WINGS™.*

*Links: <https://www.consorta.com/suppliers/>*

*Supporting Documents:*

**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?

*Consorta's contracting staff seeks to identify all viable suppliers of each product category for which Consorta proposes to contract, and actively informs and solicits suppliers through the use of Requests for Proposal (RFPs), and through the supplier section of our Web site, WINGS™. Every supplier is informed via the Consorta Web site or directly by Consorta contracting staff that it is the Consorta membership via various contracting subcommittees and committees that ultimately determine the viability of a company for a contract with Consorta. All companies are given fair and equitable consideration.*

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

Please include in your answer:

6ii.1. Does the GPO publish the general requirements to be considered a responsible bidder?

*Consorta seeks to use full open competition by identifying and publishing to a wide supplier audience its intent to contract for specific products and services. Consorta's contracting staff seeks to identify all viable suppliers of each product category for which Consorta proposes to contract, and actively informs and solicits suppliers through the use of Requests for Proposal (RFPs), and through the supplier section of our Web site, WINGS™. Every supplier is informed via the Consorta Web site or directly by Consorta contracting staff that it is the Consorta membership via various contracting subcommittees and committees that ultimately determine the viability of a company for a contract with Consorta. All companies are given fair and equitable consideration.*

Links: <https://www.consorta.com/suppliers/>

*Supporting Documents:*

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

*As stated above, every RFP clearly identifies the specific requirements for each contract category.*

**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.**

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?

*Consorta has always sought to maximize competition in every contract, and will do so in the future. Consorta has always sought to insure that every supplier is treated in an open and, fair way. Consorta’s all inclusive contracting strategy is set forth in the Code of Conduct as follows:*

***All Inclusive Contracting Strategy***

*Consorta seeks to identify all viable suppliers of each product category for which Consorta proposes to contract. Consorta will actively solicit suppliers through the use of Requests for Proposal (“RFPs”).*

*The inclusion of any supplier shall be at the sole discretion of the Subcommittee responsible for reviewing the product category, and/or the Supply Chain Committee. In the event that the item is Clinically Preferred, the Supply Chain Committee (formerly known as the Contracts & Programs Committee) shall carefully consider the recommendation(s) of the appropriate Consorta Subcommittee responsible for the product(s). The Supply Chain Committee (Contracts & Programs Committee) shall give deference to the findings or conclusions of clinicians on Subcommittees regarding clinical-based judgments. This shall include, but not be limited to determining whether a product meets the definition of a clinical preference item, whether the requirements that an item be multi-source have been met, whether alternative products exist which offers incremental patient care or safety benefits, whether product bundles are permissible because the products are “similar”, or whether technology is “new technology”.*

*The contracting strategy used for a particular product category, the inclusion or exclusion of suppliers in the RFP process, the evaluation of all products, and the awarding of all contracts to suppliers shall be done by, and/or at the direction of Consorta’s Supply Chain Committee.*

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

Please include in your answer:

6iv.1. Are the criteria by which a winning vendor will be selected identified to all bidders?

*Every supplier is informed via the Consorta Web site or directly by Consorta contracting staff that it is the Consorta membership via various contracting subcommittees and committees that ultimately determine the viability of a company for a contract with Consorta. All companies are given fair and equitable consideration.*

6iv.2. Does the GPO have a process to assure that the criteria are followed in the actual awards?

*All Consorta contract award decisions are made by Consorta members. Each contract category or product award category shall be presented to the Supply Chain Committee for award after review by the appropriate Consorta Committee and review and analysis by the Consorta staff. The Supply Chain Committee may rely on additional input from ad-hoc committees and task forces that are created for the review of a product or product category. Finally, the Board of Directors provides oversight and governance function. Consorta has found that this multiple layer of checks and balances helps to ensure compliance to the award process.*

**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?

*Consorta engages in a fair and unbiased system for evaluating products or services, including, in some cases, analysis of relative clinical efficacy to promote new vendors providing products and services. Consorta prides itself on its fair, unbiased, member-driven process for evaluating and awarding contracts. Our primary goal is to ensure that every supplier and their products receive fair and equitable treatment, that competition is maximized, and that Consorta members receive high quality products with value that reduces the overall cost of healthcare. This is achieved through the use of a variety of subcommittees and committees comprised entirely of Consorta shareholder representatives. No contracting decisions are made by staff. The members drive the process and make the final decisions. Consorta depends upon its clinical subcommittees to carefully evaluate each product to ensure that appropriate contracting decisions are always made.*

Links: <http://www.consorta.com/about/code.aspx>

Supporting Documents: Consorta Code of Conduct - Copy  
of Code Section addressing Innovative Technology

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

*Each contract category or product award category shall be presented to the Supply Chain Committee for award after review by the appropriate Consorta Committee and review and analysis by the Consorta staff. The Supply Chain Committee may rely on additional input from ad-hoc committees and task forces that are created for the review of a product or product category.*

*In addition, if the product category involves clinically sensitive products the following evaluation process is employed. Consorta shall utilize our Clinical Integration Department, our contracting staff in each clinical discipline, and our shareholder facilities to evaluate innovative*

*clinical products. To facilitate such evaluations in our member facilities, Consorta utilizes its clinical product review process for such evaluations. Each evaluation consists of a carefully constructed written evaluation that seeks clinician/staff input into the features and benefits of the product(s), and each is signed by the clinician participating in the review. In general, the review process consists of (at minimum) the following steps:*

- *Careful review with the appropriate Subcommittee by Consorta staff of the steps necessary to completely and adequately review the product(s) in member facilities*

- *Conduct evaluation(s)*

*Receive written evaluation forms at Consorta, and tabulate results*

- *Review findings with appropriate Subcommittee(s), and seek recommendation(s)*

- *Forward Subcommittee recommendation(s) to Supply Chain Committee (Contracts & Programs Committee) for final action*

*Finally, the Board of Directors provides oversight and governance function. Consorta has found that this multiple layer of checks and balances helps to ensure compliance to the award process.*

**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.

*The Consorta process removes barriers to small business participation and carefully avoids contract bundling consistent with the Consorta Code of Conduct. Consorta has always sought to maximize competition in every contract, and will continue to do so in the future. Consorta encourages the broadest possible participation of Historically Underutilized Businesses (HUBs) in its procurement efforts and those of Consorta participants and actively promotes HUB suppliers. Consorta desires to assist its suppliers in this endeavor and strongly encourages each of them to increase the participation of cost-effective historically underutilized businesses as their contractors and subcontractors, ensuring that such sellers are given the opportunity to bid competitively.*

Links: <http://www.consorta.com/about/code.aspx>

Supporting Documents: *Consorta Code of Conduct - Copy of Code Section addressing contracting strategy and policy, copy of Historically Underutilized Business policy.*

**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?

*The process engaged in by Consorta for each product and service limits use of sole and single source contracts consistent with Consorta's Code of Conduct and clearly communicates a multi-source procurement process to all eligible vendors. Consorta's Supply Chain Committee, which is comprised entirely of shareholder representatives, is charged with the responsibility for all decisions regarding whether an agreement will be sole, dual or multi-source. However, Consorta recognizes that when improperly used, sole source committed contracting arrangements can be detrimental to the market. As a result, Consorta will write a sole source committed agreement only when:*

- *A competitive bidding process results in a bid that provides the greatest value for Consorta's members when that bid is for a sole source agreement;*
- *Such agreements are reviewed and approved by a minimum majority of seventy-five percent (75%) of the votes available to members of the Supply Chain Committee;*
- *The sole source agreement has a provision that allows the contract to be canceled with a minimum of ninety (90) days written notice by Consorta to the supplier holding such a contract in a form substantially similar to the one found in the Definitions section of the Code of Conduct; and*
- *The sole source agreement has a technology change provision substantially similar to one cited earlier in the Definitions section of the Code of Conduct.*

Links: <http://www.consorta.com/about/code.aspx>

Supporting Documents: *Consorta Code of Conduct - Copy of Code Sections addressing Sole Source, Multi Source, and Innovative Technology*

6vii.2. When will sole and dual source procurement be used?

*As stated above, Consorta shall write sole source committed agreements only when:*

- *A competitive bidding process results in a bid that provides the greatest value for Consorta's members when that bid is for a sole source agreement;*
- *Such agreements are reviewed and approved by a minimum majority of seventy-five percent (75%) of the votes available to members of the Supply Chain Committee;*
- *The sole source agreement has a provision that allows the contract to be canceled with a minimum of ninety (90) days written notice by Consorta to the supplier holding such a contract in a form substantially similar to the one found in the Definitions section of this Code of Conduct; and*

- *The sole source agreement has a technology change provision substantially similar to one cited earlier in the Definitions section of this Code of Conduct.*

*If, based upon the requirements above, a sole source agreement is not an option, and then the Supply Chain Committee (Contracts & Programs Committee) makes the decision as to whether a dual or multi-source agreement is awarded. This Committee considers a wide variety of factors when making this decision.*

- 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.

*The process by which contracts are awarded is set forth in Consorta's Code of Conduct. It clearly addresses the fact that Consorta members make all of the contract award decisions. It reads as follows:*

### ***Member Driven Contracting***

*All Consorta contract awards shall be made by its members. Each shareholder has a seat on the Supply Chain Committee. Each member of the committee receives a vote(s) in proportion to their Shareholder's or other class of member's level of participation in Consorta. Each contract category or product award category shall be presented to the Supply Chain Committee (Contracts & Programs Committee) for award after review by an appropriate Subcommittee, and review and analysis by the Consorta staff. The Supply Chain Committee (Contracts & Programs Committee) may rely on additional input from ad-hoc committees and task forces that are created for the review of a product, or product category.*

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.

- 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?

*Consorta's policy regarding administrative fees is set forth in the Code of Conduct as follows:*

### ***Administrative Fees Capped at 3%***

*Consorta has not, and shall not in the future collect Contract Administrative Fees (CAF) in excess of three percent (3%). Consorta has not, and shall not in the future accept any prepayment or up-front payment of CAF for any reason, at any time.*

*Consorta has not, and will not collect any CAF that may be referred to as a "marketing fee," "private label fee," or any other fee of this type from any supplier.*

*A Consorta member may view all Consorta records concerning sales reported by suppliers, or CAF collected from a supplier at any time. On an annual basis, Consorta has, and will continue to report all sales by contract, by supplier, and the amount of CAF collected by Consorta for that contractor for each Consorta participating facility. Each shareholder participating facility's volume and CAF shall be aggregated, and reported by shareholder. Such reports shall accompany the annual payment of patronage dividends by Consorta.*

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?

*As stated above, Consorta has not, and shall not in the future collect administrative fees in excess of three percent (3%) under any circumstances.*

6viii.3. Please describe the range of administrative fees accepted.

*Consorta agreements carry provisions for administrative fees that range from 0% up to 3%.*

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.

*As stated above, Consorta has not, and will not collect any CAF that may be referred to as a "marketing fee," "private label fee," or any other fee of this type from any supplier.*

6viii.5. Does the GPO impose a minimum fee requirement for suppliers, and if so, under what circumstances?

*There is no minimum fee requirement for suppliers. As stated above, Consorta has agreements in place that collect 0% administrative fees.*

**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.

*Consorta's Code of Conduct clearly addresses the concept of "bundling" as follows:*

***No Corporate Agreements or Bundles of Disparate Products***

*A Corporate Agreement generally bundles together a variety of sometimes disparate products from a single supplier and rewards the purchase of these disparate products. Consorta recognizes that Corporate Agreements can act to "lock out" smaller manufacturers of innovative*

*medical products, and can stifle these manufacturers ability to receive a group purchasing agreement.*

*Consorta has not, and shall not in the future write Corporate Agreements with any supplier. Consorta has not, and will not in the future bundle together disparate products from a single manufacturer, or several manufacturers for the purpose of gaining greater levels of compliance, paying additional dividends, or for otherwise rewarding a member for purchasing most, or all of the products in a bundle.*

*Consorta reserves the right to create small bundles of related products (such as “pharmaceuticals”) from a single supplier, in the event that such product bundle provides greater economic value to the Consorta member than contracting for each of these products individually, or in the event that all products in the bundle are used to treat a particular disease-state. Such bundles shall be reviewed by the applicable Subcommittee. Product awards of this type shall be made in the discretion of the Supply Chain Committee, but the determination of what constitutes “similar products” or products “used to treat a particular disease-state” or other similar clinical matters are to be made by the clinical members of the relevant Subcommittee. In no event shall Consorta bundle unrelated clinical preference products.*

*In considering these types of bundles, the Supply Chain Committee (Contracts & Programs Committee) shall give deference to the findings or conclusions of clinicians on Subcommittees regarding clinical-based judgments. This shall include, but not be limited to determining whether a product meets the definition of a clinical preference item, whether the requirements that an item be multi-source have been met, alternative products exist which offers incremental patient care or safety benefits, whether product bundles are permissible because the products are “similar”, or whether technology is “new technology”.*

6ix.2. Does the GPO permit bundling of unrelated products or services from the same vendor? When?

*As stated above, Consorta does not permit bundling of unrelated products or services from the same vendor.*

6ix.3. Does the GPO permit bundling of unrelated products or services from different vendors? When?

*Consorta does not permit bundling of unrelated products or services from different vendors.*

6ix.4. Describe the GPO’s policy guiding the appropriate length of contracts for clinical preference products.

*Consorta’s Code of Conduct addresses the length of all contracts including clinical preference products as follows:*

***Contract Length***

*Contract length should not deter access to innovative technology. In general, Consorta shall write contracts with duration of three (3) years or less.*

*Occasionally, it may be desirable to write a contract with duration of greater than three years. In those cases, it shall be up to the Supply Chain Committee (Contracts & Programs Committee) to determine how the value of a longer contract term can be effectively implemented without materially deterring innovative technology.*

*A longer term contract will be utilized only if it:*

- Is reviewed and approved by a minimum majority of seventy-five percent (75%) of the votes available to members of the Supply Chain Committee;*
- Has a provision that allows the contract to be canceled with a minimum of ninety (90) days written notice by Consorta to the supplier holding such a contract in substantially the form found in the Definitions section of this Code of Conduct;*
- Has a technology change provision which is substantially similar to the technology change provision cited in the Definitions section of this Code of Conduct; and*
- Includes pricing and any other economic terms leading to additional economic value (such as a cash rebate) that are fixed for the term of the agreement.*

*New, innovative technology shall be carefully reviewed by the appropriate Subcommittee, and the Supply Chain Committee. The amount and level of clinical review of such products shall be determined by the Subcommittee. The degree of clinical evaluation required shall not be a deterrent to the careful consideration of new, innovative technology. Consorta shall seek to bring new, innovative technology to its members promptly and proactively. The Supply Chain Committee (Contracts & Programs Committee) shall give deference to the findings or conclusions of clinicians on Subcommittees regarding clinical-based judgments. This shall include, but not be limited to determining whether a product meets the definition of a clinical preference item, whether the requirements that an item be multi-source have been met, whether alternative products exist which offers incremental patient care or safety benefits, whether product bundles are permissible because the products are “similar or whether technology is “new technology.”*

*Consorta creates a log of all contracts that have a term greater than three (3) years, and provides a report of such agreements to the staff of the Senate Judiciary Committee on a biannual basis. In addition, Consorta reports any sole source contract for a Clinical Preference item, or group of products.*

**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.

*Consorta has no private label program. This policy is established in the Code of Conduct as follows:*

***No Private Label Products***

*Consorta believes that group purchasing private label programs do not add value to the supply chain and in some cases may drive costs higher. Consorta does not have a program of private labeling products (whereby the Consorta logo or word mark is applied to products in return for the collection of a marketing fee), and shall not create one in the future.*

*Consorta may contract for private label products manufactured or distributed by recognized health care suppliers at the discretion of the Supply Chain Committee, when such products add value, or provide products not otherwise available to the member.*

6x.2. Describe the GPO's practice regarding the fees derived from this private label program?

*Since Consorta has no private label program, no fees are collected and no policy is required.*

6x.3. Please describe the range of private label fees accepted.

*Since Consorta has no private label program, no fees are collected.*

6x.4. Describe any internal policies that address the private labeling of medical products.

*As stated above, Consorta's Code of Conduct prohibits private label programs.*

**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 it is available.

*Consorta has a grievance process in place. In the event that a supplier believes that they have not received appropriate consideration, the supplier may appeal to the Consorta Compliance Officer for review of the case. In such cases, the Compliance Officer will review the matter with the Supply Chain Committee, and, if the decision is upheld, shall document the reasons for non-award. These reasons shall be communicated to the supplier by the Compliance Officer after discussion with the Supply Chain Committee.*

*Links:*

*Supporting Documents: Copy of Consorta Grievance Policy*

7.2. How does the GPO address vendor grievances?

*As stated above, Consorta’s Compliance Officer addresses all vendor grievances.*

7.3. Please describe in general the grievance process.

*As stated above, any vendor that has a grievance is encouraged to make an appeal to the Compliance Officer for review. The Compliance Officer will thoroughly investigate the claim, and if need be, consult with the Supply Chain Committee. After the investigation is completed, the Compliance Officer takes the appropriate action and informs the supplier of the result.*

**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.

*Consorta’s Code of Conduct describes in great detail the process by which innovative technologies are evaluated and placed on contract. The language is as follows:*

***Innovative Technology***

*Consorta members and the patients being cared for in their facilities deserve access to the most innovative and cost effective products available in the United States today. Healthcare consumers should be able to expect that not only are these products regularly available, but they are available at a cost that is affordable, both for the patient and the health care provider.*

*Consorta shall continue its practice of actively seeking out and contracting for innovative clinical products. Consorta's all-inclusive member driven contracting process is designed to assure that such products are discovered, and are available to be included in our group purchasing contracts. A free and open market requires that both a medical device manufacturer and the group purchasing organization have access to new medical technology, and contract for it. In the past, a number of medical device manufacturers have refused to write group purchasing contracts for innovative clinical products, including products that are exclusive to the manufacturer, and are covered by one or more United States patents. In those cases where a medical device manufacturer refuses to write a group purchasing agreement for such innovative medical products, or where they refuse to write a contract other than on a Sole Source basis, Consorta shall report such refusal to the staff of the United States Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition and Business and Consumer Rights, and the United States Federal Trade Commission, Bureau of Competition.*

*Consorta shall utilize our Clinical Integration (formerly known as Organizational Effectiveness) Department, our contracting staff in each clinical discipline, and our shareholder facilities to evaluate innovative clinical products. To facilitate such evaluations in our member facilities, Consorta shall utilize its clinical product review process for such evaluations. Each evaluation shall consist of a carefully constructed written evaluation that seeks clinician/staff input into the features and benefits of the product(s). Each shall be signed by the clinician participating. In general, the review process shall consist of (at minimum) the following steps:*

- Careful review with the appropriate Subcommittee by Consorta staff of the steps necessary to completely and adequately review the product(s) in member facilities*
- Conduct evaluation(s)*
- Receive written evaluation forms at Consorta, and tabulate results*
- Review findings with appropriate Subcommittee(s), and seek recommendation(s)*
- Forward Subcommittee recommendation(s) to Supply Chain Committee (Contracts & Programs Committee) for final action*

*In the event that an innovative medical technology is introduced in the middle of a contracting cycle, Consorta staff will make the appropriate Subcommittees and the Supply Chain Committee (Contracts & Program Committee) aware of such products. The Supply Chain Committee (Contracts & Programs Committee) shall review what actions are appropriate in the event that they wish to contract for such items, and shall instruct staff in the ways to make such products available to all Consorta members. The Supply Chain Committee (Contracts & Programs Committee) shall give deference to the judgment of the Consorta Subcommittee in the case of clinical preference items.*

*Such deference shall include, but not be limited to determining whether a product meets the definition of a clinical preference item, whether the requirements that an item be multi-sourced*

*have been met, whether alternative product exists which offers incremental patient care or safety benefits, whether product bundles are permissible because the products are “similar” or whether technology is “new technology.”*

*Consorta shall attempt to make members aware of new innovative medical technology by coordinating information through its Clinical Integration Department, which shall make a variety of materials available from outside service providers, such as SG-2. Such information will be provided through Consorta publications to members on a regular basis.*

*It shall be in the sole discretion of the Supply Chain Committee (Contracts & Programs Committee) if such new technology receives a Consorta group purchasing agreement, after careful review and consideration of the appropriate Subcommittee’s recommendation.*

*For products that may hold the promise of meaningful technological difference or value, Consorta will utilize its Clinical Integration department to research the product, and others that are available on the market for similar applications. In addition, at the direction of the Supply Chain Committee, Consorta may elect to utilize its clinical product review process to determine from the clinicians in our facilities what the benefits of these products are, their level of quality, and overall acceptability in the clinical setting.*

*The clinical review process shall be open and fair, and will preserve the confidentiality and market sensitivity of such products. Consorta shall make every effort to encourage and seek as much clinical input for clinical preference products as practical. However, the clinical review process shall not be undertaken when in the opinion of a majority of Consorta’s Shareholders it is unduly time consuming or burdensome for the Consorta member, and when such reviews are cost prohibitive. Outside opinions from generally recognized industry experts or sources may be included in the review.*

*To insure that such technology can be contracted for between contracting cycles, Consorta shall continue to include a “Technology Changes” provision in each Consorta group purchasing agreement, as described in the Definitions section of this Code of Conduct. To further insure that such technology can be contracted for between contracting cycles, Consorta shall insert a Termination Without Cause provision in its contracts, as described in the Definitions section of this Code of Conduct.*

*In addition, the Consorta Contract Template shall include language substantially in the form found in the Definitions section of this document that will allow additional agreements with suppliers for those items where new, innovative medical technology has been developed and is available in the market. Such language will permit the addition of agreements with suppliers for only those products that offer a new innovation that may enhance patient outcome, patient safety, and/or caregiver safety.*

*Upon approval of this Code of Conduct, Consorta shall conduct a review of the most sensitive clinical preference products subject to technological change, and determine if sole sourcing is appropriate, or if other manufacturers should receive contracts for similar products. Such review shall be completed, and the addition of such items made where possible under existing*

*Consorta contractual commitments within 180 days of the acceptance of this Code of Conduct by the Consorta Board of Directors.*

*On an annual basis, Consorta shall review those product areas where technology change and the development of new innovative technology are most likely to occur. The results of such a review will be shared with the appropriate Consorta Subcommittees for further discussion, and for consideration of inclusion of these products into the Consorta contract portfolio.*

*In the event that a product a supplier deems as new or innovative technology does not receive favorable consideration from the Consorta Supply Chain Committee, the supplier may appeal to the Consorta Compliance Officer for review of the case. In such cases, the Compliance Officer will review the matter with the Supply Chain Committee, and, if the decision is upheld, shall document the reasons for non-award. These reasons shall be communicated to the supplier by the Compliance Officer after discussion with the Supply Chain Committee.*

*In any event, each Consorta shareholder and member shall be free to evaluate and to purchase such new, innovative technology on their own, if they determine that such products provide a distinct advantage to their facilities. This freedom shall be regardless of whether Consorta has a contract for the product(s) or not.*

8.2. Does the GPO have the right to write a new contract at any time for innovative technology? Describe.

*As noted above, Consorta reserves the right to contract for innovative technology regardless of the contracting cycle. To insure that such technology can be contracted for between contracting cycles, Consorta shall continue to include a "Technology Changes" provision in each Consorta group purchasing agreement, as described in the Definitions section of this Code of Conduct. To further insure that such technology can be contracted for between contracting cycles, Consorta shall insert a Termination Without Cause provision in its contracts, as described in the Definitions section of this Code of Conduct.*

*In addition, the Consorta Contract Template include language substantially in the form found in the Definitions section of this document that will allow additional agreements with suppliers for those items where new, innovative medical technology has been developed and is available in the market. Such language will permit the addition of agreements with suppliers for only those products that offer a new innovation that may enhance patient outcome, patient safety, and/or caregiver safety.*

8.3. How does the GPO ensure innovative technology provisions exist in vendor contracts?

*The innovative technology provision is set forth in the standard contract templates that are utilized for all Consorta agreements.*

8.4. Are GPO members allowed to evaluate products from vendors, regardless of whether such vendor has a contract with the GPO?

*As stated above, each Consorta shareholder and member shall be free to evaluate and to purchase such new, innovative technology on their own, if they determine that such products provide a distinct advantage to their facilities. This freedom shall be regardless of whether Consorta has a contract for the product(s) or not.*

8.5. Are GPO members allowed to communicate with all vendors, regardless of whether the vendor has a contract with the GPO?

*Yes. As stated above, each Consorta shareholder and member shall be free to evaluate and to purchase such new, innovative technology on their own, if they determine that such products provide a distinct advantage to their facilities. This freedom shall be regardless of whether Consorta has a contract for the product(s) or not.*

8.6. Are GPO members allowed to purchase non-contracted products of clinical preference products or services directly from vendors?

*Yes. As stated above, each Consorta shareholder and member shall be free to evaluate and to purchase such new, innovative technology on their own, if they determine that such products provide a distinct advantage to their facilities. This freedom shall be regardless of whether Consorta has a contract for the product(s) or not.*

**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.

*As stated earlier in this document, from its inception Consorta has fostered an open and all-inclusive contracting strategy. This includes small, women-owned and minority businesses. On an ongoing basis, Consorta actively seeks Historically Underutilized Businesses ("HUBs"), and works with them to seek contracts in accordance with Consorta's HUB policy. In addition, in order to support and promote sales to these contracts, contracts awarded to HUB suppliers are highlighted in the electronic catalog section of WINGST<sup>TM</sup>.*

9.2. Please provide current statistics reflecting the percentage by dollar value and number of contract awards to support the program.

*Since Consorta became an equity owner in HealthTrust Purchasing Group, the current Consorta HUB portfolio includes only agreement categories that do not conflict with HealthTrust.*

**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?

*During orientation, each new employee is provided with a copy of the Code of Conduct. In addition, it is always available on Consorta's Web site. Plus, an annual refresher course is held at an all staff meeting to ensure that all employees are reminded of the importance of the Code.*

10.2. Where can the code be found electronically?

*The code may be found on Consorta's Web site: <http://www.consorta.com/about/code.aspx>*

10.3. Does the GPO distribute its code of conduct to all members of clinical advisory committees? How often?

*Upon appointment to a clinical advisory committee, each member is provided with a copy of the Code of Conduct. In addition, it is always available to them on the Consorta Web site.*

10.4. Does the GPO distribute the code to all of the board of directors? How often?

*Upon appointment to the board of directors, each director is provided with a copy of the Code of Conduct. In addition, it is also available on the Consorta Web site.*

10.5. Does the GPO distribute its code of conduct to all agents and contractors that participate in the GPO activity? How often?

*Prior to hire, consultants are provided with a copy of the Code of Conduct. They also have access to it via the Web site at [www.consorta.com/overview/codeofconduct.asp](http://www.consorta.com/overview/codeofconduct.asp).*

10.6. Does the GPO distribute its code to vendors and others with whom it does business?

*The Code of Conduct is available to all vendors electronically via the Consorta Web site and in paper form in the Consorta offices. In addition, each Request For Proposal (RFP) issued to suppliers clearly references the Code of Conduct and directs the supplier to view the Code on Consorta's Web site.*

**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?

*Prospective employees are informed about certain elements of the Code prior to hire, and have the opportunity to decline progressing further in the employment process if they feel they cannot comply with our requirements. For example, we disclose the requirements around equity ownership in companies with whom we do business. Each and every new Consorta staff member receives a copy of Consorta's Code of Conduct. In addition, it is always accessible on the Consorta intranet should the employee wish to reference the code on line in the future.*

Links: <http://www.consorta.com/about/code.aspx>

Supporting Documents      Intranet link to Consorta Code of Conduct

11.2. Do all new employees get some type of orientation to or discussion of the code? Please describe the orientation.

*As a part of their orientation, all Consorta employees are thoroughly educated and trained on the Code of Conduct and its implications and responsibilities.*

Supporting Documents      Consorta Recruiting Folder, Consorta New Hire Letter, Consorta HR Orientation Checklist

**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?

*Annual Code of Conduct refresher classes are conducted for all employees. These sessions are a part of one of the periodic all staff meetings conducted for all employees. The next refresher training class will take place on 12/19/08.*

Supporting Documents:      Copy of presentation, Code of Conduct Refresher Training  
Copy of the last Refresher Training Course Participation Log

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

*The key elements of the Code are discussed in detail and the implications and responsibilities to each employee are clearly and concisely detailed. Ample time is allowed for questions and answers. A sign-up sheet is required to insure that all employees are present for the training.*

**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.

*Consorta has a mechanism in place for employees to report possible violations of the Code of Conduct. Each employee has been thoroughly educated on the Consorta Code of Conduct and each new hire is informed about the Code of Conduct as a part of the hiring and orientation process. Each employee is encouraged to direct any questions or issues of non-compliance to the Consorta Compliance Officer.*

13.2. What process is used to protect the confidentiality of the reporting employee's identity?

*These questions may be submitted face to face, via phone, via e-mail, or via written letter. Employees are all informed that should they wish, reporting can be done completely anonymously. The confidentiality of the reporting employee is taken very seriously. The Compliance Officer discusses reported instances directly with the Consorta Board of Directors.*

13.3. What safeguards are in place to mitigate the opportunities for retaliation?

*Since employees can make reports anonymously, no retaliation is possible. Should they make a report openly, they are instructed to make these reports directly to the Consorta Compliance Officer to ensure that they are adequately protected from retaliation. Should their report involve the Consorta Compliance Officer, they may make their report directly to the CEO or to the Chairman of Consorta's Board of Directors.*

**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.

*The Consorta Compliance Officer monitors compliance throughout the organization and personally investigates any reports of non-compliance. It is also her responsibility to take corrective and/or preventative measures to ensure compliance and to report all of this activity directly to the Consorta Board of Directors.*

**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?

*Yes, each supervisor or manager considers these core principles each year when they conduct performance appraisals. In fact, two of the core competencies upon which each employee is measured as a part of their annual performance review are (a) Ethics and Values and (b) Integrity and Trust.*

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

*Ethics is imbedded as an element of each and every employee's annual performance review.*

**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.

*Consorta's Compliance Officer continually monitors adherence to the Code of Conduct and all federal laws. She attends every Supply Chain Committee (Contracts & Programs Committee) meeting to ensure compliance. She also reviews each and every contract that is executed by Consorta. Prior to execution, each contract carries with it an Agreement Check List. This document, prepared by the contracting staff member responsible for that agreement, identifies all key attributes of the agreement with particular emphasis on the provisions covered in the Code of Conduct. The Compliance Officer reviews this document to ensure adherence to the Code prior to final execution of the agreement. A copy of the Agreement Check List is filed with every agreement and a copy is on file with the Compliance Officer.*

*The Compliance Officer reports to the Board of Directors twice annually.*

Links: <http://www.consorta.com/about/code.aspx>

Supporting Documents: *Agreement Check List*

16.2. Who conducts the evaluation(s)?

*Anna Fox serves as Consorta's Compliance Officer. In addition, she relies on the ample and expert resources of Consorta's outside legal counsel McDermott Will, and Emery to ensure that Consorta is in compliance with all Federal laws and regulations.*

16.3. To whom are reports of the evaluation(s) provided (e.g., Board, CEO)?

*The Compliance Officer reports directly to the Consorta Board of Directors on matters of compliance, business ethics, and integrity.*

**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, D.C. in January, 2008.

*Consorta was an active participant in the most recent GPO Best Practices Forum, which was held January 15-16, 2008 in Washington, D.C. Several of Consorta's senior executives attended including its President and CEO, John Strong, its Chief Operating Officer/Compliance Officer Darrel Weatherford, as well as two Vice Presidents, Jake Groenewold and Anna Fox. In addition, all three Senior Directors for Contracting attended.*

17.2. Please name the most senior executive who attended.

*John Strong, Consorta's President and CEO was the most senior executive to attend the most recent Best Practices Forum.*

**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?

*As a part of Consorta's Code of Conduct, there is a requirement that Consorta shall report to the U.S. Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy and Consumer Rights as appropriate, but not less than on a biannual basis those instances where:*

- \* A supplier refuses to contract with Consorta for new, innovative technology.*
- \* A supplier refuses to accept a dual or multi-source contract when Consorta requests one, and instead insists that a contract must be sole source.*
- \* Consorta writes a sole source committed contract for a Clinical Preference item or items.*
- \* Consorta awards a contract for Clinical Preference Items that is greater than three (3) years.*

*Biannually, the Compliance Officer reports to the Consorta Board of Directors on Consorta's compliance to its Code of Conduct over the previous six months and submits his proposed report to the Senate Subcommittee for their review.*

*Supporting Documents: Copy of minutes of December 5, 2007 Board of Directors' Meeting  
Copy of minutes of June 4, 2008 Board of Directors' Meeting  
Minutes of the September 10, 2008 have not yet been approved.*

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

*Consorta's Board of Directors meets a minimum of four times per year. Periodically, during these meetings reports are made by Consorta's President and CEO regarding the Initiative in general and Consorta's participation specifically. Reports are made as to the Initiative's progress, changes in Initiative direction or strategy, results of the Best Practices Forum and any other information that would be appropriate.*

**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.

*Ultimately, Darrel Weatherford, Consorta's President is responsible for all of the operations of the organization. However, Anna Fox, Consorta's VP has been designated as Consorta's Compliance Officer. In matters of compliance to Consorta's Code of Conduct, Mrs. Fox reports directly to Consorta's Board of Directors.*

19.2. Contact information for the individual.

*Darrel Weatherford*  
*President*  
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*Phone: 847.592.7961*  
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*Anna Fox*  
*Vice President*  
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*Phone: 847.592.7961*  
*Fax: 947.592.7801*  
*Email: [afox@consorta.com](mailto:afox@consorta.com)*

19.3. Please give the contact information for the person responsible for responding to questions related to this report.

*Darrel Weatherford*  
*President*  
*Consorta, Inc.*  
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