

**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 Innovatix, LLC (“Innovatix”) has had a written code of business ethics and conduct since January 1, 2004. It is currently entitled the “Code of Conduct and Conflict of Interest Policy of Innovatix, LLC” (the “Code”) and has been in effect in its current form since January 1, 2007. On November 20, 2007, Innovatix made certain minor technical changes to the Code that were neither material nor substantive.

1.2 The Code is essentially divided into two sections, one of which governs the conduct of the company (Innovatix), and one of which governs the personal conduct of the employees. Key provisions include that Innovatix may not own equity in any Health Care Entity (defined in the Code to broadly include Participating GPO Vendors and other health care companies with which Innovatix may do business) without the approval of the Innovatix Audit and Compliance Committee. Additionally, Innovatix is prohibited from receiving marketing fees from vendors. Similarly, Innovatix Executive Staff are prohibited from having a management or financial interest, including an Equity Interest in any Health Care Entity or any entity that he or she knows to be a consultant or contractor of Innovatix, even if not specifically a health care company. The Code also prohibits Executive Employees from receiving gifts of more than nominal value from parties that do or seek to do business with Innovatix.

1.3 There have been no material or substantive changes to the Code since last year.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: The Code

**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?
  - b) All executives of the company or those directly supervising purchasing activity?
  - c) The board of directors?

- d) Members of clinical advisory committees?
  - e) Any other groups?
- 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?)
  - 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?

2.1 The Code is applicable to Innovatix. Additionally, the Code contains provisions that are applicable to certain persons as described below.

(a) The Code is applicable to all management and executive level employees of Innovatix (i.e., all employees other than support staff) and any other Innovatix employee who is in a position to influence the contracting decisions of Innovatix. A general conflict of interest policy which is contained in the Employee Handbook applies to support staff of Innovatix. The conflict of interest provisions of the Employee Handbook for support staff were last updated in May, 2008, to clarify, update, and strengthen the provisions and make them more consistent with the provisions of the Code for executive staff employees. In addition to receiving the relevant Employee Handbook, all employees of Innovatix, regardless of their position, receive a copy of the Code and are trained on its provisions.

(b) As indicated above, the Code applies to all executive (i.e., non-support staff) employees of Innovatix and all other employees who are in a position to influence its contracting decisions.

(c) The Code has a provision that applies to the members of the Managing Board (“Board”) of Innovatix (See Article VI of the Code).

(d) The Code has a provision that applies to advisors of Innovatix who are in the position to influence contracting and other business decisions of Innovatix (See Article VI of the Code).

(e) The Code has a provision that applies to consultants of Innovatix who are in the position to influence contracting and other business decisions of Innovatix (See Article VI of the Code).

2.2(a) Equity Investments. The Code prohibits Innovatix from having an Equity Interest in any Health Care Entity or any other entity that is a consultant or contractor of Innovatix, unless approved by the Audit and Compliance Committee and the Board based on their determination that Innovatix’s ownership of such interest is consistent with the principles set forth in the Code and other relevant factors and is being undertaken to meet the needs of Innovatix’s members or is otherwise in the best interest of Innovatix members.

All executives and employees described in 2.1(a) and (b) above and members of their Immediate Family are prohibited from owning any equity interests in any Health Care Entity or any entity they know does or seeks to do business with Innovatix.

Members of the Board of Innovatix, advisors, and consultants of Innovatix must disclose financial or management interests (including any Equity Interests) they or members of their Immediate Family have in any Health Care Entity or any company that they know to be a contractor or consultant of Innovatix, and must recuse themselves from any negotiations or decisions relating to such party(ies).

2.2(b) Service on Boards. Management or executive level employees and any other employees who are in a position to influence contracting decisions of Innovatix are not permitted to serve on the Board of any for-profit company or on the Board of any not-for-profit Health Care Entity without the prior approval of the Compliance Officer.

Members of the Board, advisors, and consultants are asked to complete a Disclosure Statement on an annual basis that requires them to disclose any trustee or board positions they hold in third parties. These Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant individual to recuse himself/herself from a particular Board or Committee discussion or take other action as appropriate.

2.2(c) Gifts. Management or executive level employees and any other employee who is in a position to influence contracting decisions of Innovatix may not accept gifts of more than Nominal Value from any vendor or other party that does or seeks to do business with Innovatix. Gifts of cash and cash equivalents may never be accepted.

Members of the Board, advisors, and consultants are asked to complete a Disclosure Statement on an annual basis that requires them to disclose any gifts they have received from any vendor that does business or seeks to do business with Innovatix. As noted above, these Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant individual to recuse himself/herself from a particular Board or Committee discussion or take other action as appropriate.

2.2(d) Meals or Entertainment. As noted above, management or executive level employees and any other employee who is in a position to influence contracting decisions of Innovatix may not accept Gifts of more than Nominal Value from any vendor or other party that does or seeks to do business with Innovatix. In general, meals fall within the definition of Gifts, thus, such Innovatix employees may not accept meals of more than Nominal Value from Participating GPO Vendors and others.

Management or executive level employees and any other employee who is in a position to influence contracting decisions of Innovatix and members of their respective Immediate Families are prohibited from accepting tickets to entertainment events that are paid for by a vendor and are of more than Nominal Value, or from attending entertainment events paid for by a vendor if the per person cost of the event is more than Nominal Value.

Members of the Board, advisors, and consultants are required to disclose tickets to entertainment events of more than Nominal Value on an annual Disclosure Statement.

2.2(e) Other Constraints. Management or executive level employees and any other employee who is in a position to influence contracting decisions of Innovatix may not accept personal services payments from any vendor or other party that does or seeks to do business with Innovatix.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: Article IV of the Code  
Innovatix Policy #1, Training and Education Policy  
Innovatix Policy #6, Gift Policy  
Cover Letter to Managing Board regarding Annual Disclosure Statement  
Annual Disclosure Statement of Members of the Managing Board  
Contract Provision with Consultants

**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?
- 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?

3.1 Innovatix, through a subsidiary, operates a network for pharmacies to offer rates, administrative, and informational services in connection with Medicare Part D and commercial pharmacy benefit plans.

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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))

3.2 Innovatix's direct parent companies are (i) GNYHA Alternate Care Purchasing Corporation, which currently operates a group purchasing program for certain alternate care classes of trade not contracted through Innovatix; and (ii) Provider Select, LLC, which is owned by Premier Purchasing Partners, L.P. ("Premier"). GNYHA Ventures, Inc., the parent of GNYHA Alternate Care Purchasing Corporation, and Premier are members of HGPII and have each completed separate responses to this 2008 HGPII questionnaire. GNYHA Alternate Care Purchasing Corporation is governed by the same Code of Conduct as GNYHA Ventures, Inc. Please refer to responses for GNYHA Ventures and Premier for additional information regarding this question.

3.3 Neither Innovatix nor its subsidiary sell services to vendors. Please refer to the questionnaire responses of GNYHA and Premier for information pertaining to Innovatix's parent companies and their affiliates.

3.4 Article II, Section 13 of the Code specifically addresses the issue of other lines of business and provides that Innovatix will not have other business relationships with Participating GPO Vendors unless those relationships are necessary to achieve core goals of Innovatix and are in the best interest of Innovatix's members. If Innovatix were to have multiple relationships with Participating GPO Vendors, the Innovatix Audit and Compliance Committee, a committee of the Board that has jurisdiction over Code compliance and conflict of interest issues, would review the relationships prior to the inception of such arrangements. Additionally, pursuant to the Code, any such relationships must be disclosed to the members, fees and/or other payments received must be reasonably related to the value received, and participation or lack of participation in such relationships will have no bearing on Innovatix's group purchasing contracting decisions. Please refer to the questionnaire responses of GNYHA and Premier for information pertaining to Innovatix's parent companies and their affiliates.

(a) Yes. Innovatix has a policy that ensures that neither Innovatix nor its affiliated entities accept a corporate equity interest in any Participating GPO Vendor. Please see Article II, Section 5 of the Code.

(b) The Code does not prohibit Innovatix from renting exhibit booths at trade shows and conferences to vendors. A vendor's decision to rent booths at such trade shows is entirely voluntary and a vendor's participation (or non-participation) has no bearing upon Innovatix's contracting decisions. Exhibit space must be available to all vendors on the same terms and on a first come, first served basis.

(c) Innovatix may not accept grants, fees, or other funds from any party with which Innovatix has a business, potential business, advocacy, or potential advocacy relationship, for the sponsorship of Innovatix educational programs or other Innovatix programs or projects, unless the receipt of such funds is approved by the Audit and Compliance Committee and the Board based on their determination that the acceptance of such funds is consistent with the principles set forth in the Code and other relevant factors and is being undertaken in the best interest of Innovatix members. In making their assessment, the Board and the Audit and Compliance Committee will take into consideration the source of the funds; the intent of the potential grantor; identification of, and ability to address, potential conflicts of interest; and all other relevant circumstances. It is presumed that such grants will be accepted on rare occasions only.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: Article II, Section 13 of the Code  
Article II, Section 14 of the Code  
Policy #8, Soliciting and Receiving of Grants and Other Funds  
from Companies With Which Innovatix Does Business

**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, Innovatix makes annual disclosures to its members of administrative fees received from vendors with respect to members' purchases by sending reports to members indicating the amount of administrative fees it received from Participating GPO Vendors for the relevant year as a result of the particular member's purchases.

4.2 Yes, in annual safe harbor reports provided to members, Innovatix discloses to members all payments from vendors that are not administrative fees, regardless of whether such payments are from the group purchasing activity of the member. For example, if in any year Innovatix received fees for exhibit booths at conferences or other permissible fees from vendors, disclosure regarding the relevant amounts would be made in connection with its safe harbor reports. As indicated previously and below, the Code prohibits Innovatix from taking receiving marketing and similar fees.

4.3 No, Innovatix does not accept marketing fees.

4.4 No, Innovatix does not accept partnership incentives.

4.5 The Code prohibits Innovatix from having an Equity Interest in any Health Care Entity or any other entity that is a consultant or contractor of Innovatix, unless approved by the Audit and

Compliance Committee and the Board based on their determination that Innovatix’s ownership of such interest is consistent with the principles set forth in the Code and other relevant factors and is being undertaken to meet the needs of Innovatix’s members or is otherwise in the best interest of Innovatix members.

4.6 No, Innovatix does not accept up front fees from Participating GPO Vendors.

4.7 Innovatix's policy on honorarium for speaking engagements is set forth in Article III, Section 4 of the Code. In general, the determination about whether Innovatix would accept an honorarium is made by the Compliance Officer. The considerations regarding honoraria are similar to those regarding grants from Health Care Entities. In general, Innovatix does not accept any honoraria from Health Care Entities. If it did, information regarding such honoraria would be disclosed to the members.

4.8 If Innovatix received an administrative fee that did not appear to pertain to an eligible member, it would review the situation to determine to which member, if any, the fee corresponds. If the determination regarding the fee has not been made by the end of the fiscal year, Innovatix would include the fee amount in its calculation of “unallocated funds” and report the total amount of such funds in its annual safe harbor reports to members. Unallocated funds (i.e., funds for which the specific member to which the funds are attributable has not been identified as of the relevant date) account for a very small percentage of total administrative fees received on an annual basis. Other than for de minimis amounts, if it is determined that a particular fee does not pertain to an eligible member, such fee would be returned to the appropriate vendor.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: Article II, Sections 3, 4, and 5 of the Code  
Sample Safe Harbor Report  
Sample Cover Letter to Safe Harbor Reports  
Innovatix Policy #4, Article I, paragraph 6 regarding internal review that safe harbor reports were properly disseminated to members  
Innovatix Policy #11, Policy on Return of Fees for Ineligible Members

**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?

5.1 Innovatix generally does not pay member organizations fees or dividends or make distributions to its members, however, it does provide certain rebates to its members. To the extent there are payments to members in the form of rebates, Innovatix does make full disclosure to

members in a cover letter. If Innovatix did make any other types of payments to members, it would fully disclose such payments to the members.

5.2 No, Innovatix does not pay fees to members upon the signing or re-signing of a participation agreement with Innovatix or the joining or renewal of membership in the GPO program.

Supporting Documents: Sample cover letter to members regarding cost report treatment of rebates

**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?

6.1 Yes. Innovatix has a publicly available description of its bid and award process. As described on Innovatix’s Web site, the process may consist of a formal request for bids or a competitive negotiation. Innovatix has determined from its experience that its members benefit most from having an open, dynamic contracting process. As described on Innovatix’s Web site, Innovatix generally utilizes this open contracting process, which does not exclude vendors and is open to new vendors at any time. This process promotes competition among vendors and allows Innovatix to remain flexible so that it may contract at any time to meet its members’ needs in an ever-changing marketplace. Innovatix believes that its open contracting process embodies the key principles of the Federal Competition in Contracting Act and results in a flexible portfolio that allows Innovatix to best serve its members.

6.2 Yes, the process is publicly described on the Innovatix Web site, [www.innovatix.com](http://www.innovatix.com).

Links: [http://innovatix.com/vendors/contracting\\_process.html](http://innovatix.com/vendors/contracting_process.html)

**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?

With respect to its pharmaceutical portfolio, Innovatix is on a three (3) year contract cycle. Prior to the start of each 3-year cycle, Innovatix posts on its Web site the procedures required for vendors to be considered for a GPO contract. Innovatix also mails such information to vendors

listed in a database maintained by Innovatix, which database is continually being updated. Innovatix's notice to vendors states its intent to receive proposals for products to be offered through a group purchasing contract and provides detailed information regarding the relevant procedure, as well as when and where interested vendors should submit proposals. Additionally, as indicated on the Web site, vendors may submit proposals for new contracts at any time.

Innovatix offers its members Premier's medical supply and food portfolios that are negotiated by Premier pursuant to their processes. Please see Premier's response to this questionnaire for additional information. Innovatix utilizes an open contracting process to enter into its own direct contracts for those medical supplies or services that are not offered by the Premier portfolio or that are offered, but for which Innovatix members have specifically requested that Innovatix enter into additional contracts with specific vendors. Innovatix publicly posts notices on its Web site announcing Innovatix's intent to receive proposals for the relevant products to be offered and provides detailed information regarding when and where interested vendors should submit proposals. In the event that a vendor contacts Innovatix regarding a new group purchasing contract in a category of products that is already covered by existing Premier agreements, and if Innovatix members have not specifically requested that Innovatix provide additional contracting sources, then such vendors are referred to Premier for contracting pursuant to Premier's contracting process.

6i.1 Yes, Innovatix publishes to all vendors the decision criteria used to award potential contracts on its Web site at [http://innovatix.com/vendors/current\\_negotiations.html](http://innovatix.com/vendors/current_negotiations.html).

Links: [http://innovatix.com/vendors/current\\_negotiations.html](http://innovatix.com/vendors/current_negotiations.html)

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy  
Innovatix Web site page(s) cited above

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

6ii.1. Yes, the Innovatix Web site lists criteria required for vendors to participate in the Program. Generally, all vendors that are duly qualified to do business regarding the relevant product or service would be deemed responsible bidders.

Links: [http://innovatix.com/vendors/vendor\\_qualifications.html](http://innovatix.com/vendors/vendor_qualifications.html)

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy  
Innovatix Web site page(s) cited above

6ii.2. If specific requirements are applicable to a specific contract category, then Innovatix will publish them on its Web site and distribute them in any materials distributed in connection with the contract.

**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?

6iii.1. Yes, for the overwhelming majority of contracts, all responsible vendors are eligible to compete and receive an award. As discussed in Innovatix's Contract Award and Vendor Information Policy, for certain custom contracts requested by members, the pool of eligible vendors may be more limited.

Links: [http://innovatix.com/vendors/contracting\\_process.html](http://innovatix.com/vendors/contracting_process.html)

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy  
Innovatix Web site page(s) cited above

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

6iv.1. Yes. According to Innovatix's policy, any specific criteria for the selection of a vendor must be identified in the notification of a pending contract award and posted on the Web site. Innovatix has the discretion to select a particular vendor based on recommendations from members and other subjective factors.

Links: [http://innovatix.com/vendors/contracting\\_process.html](http://innovatix.com/vendors/contracting_process.html)  
[http://innovatix.com/vendors/vendor\\_qualifications.html](http://innovatix.com/vendors/vendor_qualifications.html)  
[http://innovatix.com/vendors/current\\_negotiations.html](http://innovatix.com/vendors/current_negotiations.html)

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy

Innovatix Web site page(s) cited above

6iv.2. In situations where Innovatix conducts a formal RFP process for a product or service that has specific required criteria, Innovatix utilizes a working group that includes contract staff and when appropriate, an advisory group of member representatives, which weighs the criteria against the proposals to determine the winning vendor. In situations where a formal RFP process is not conducted, a senior executive of Innovatix is required to ensure that vendors meet the minimum criteria posted on the Innovatix Web site.

**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.

6v.1. Yes. The mission of Innovatix is to provide participating members with the best products at the lowest prices or best terms available. The policies that dictate absence of any conflicts of interest relating to vendors allow Innovatix to review all product selections in a fair and unbiased manner without any incentive other than to best serve the members in all cases.

6v.2. Innovatix relies on existing competitive markets and member purchasing preferences to evaluate products and services, and uses its open contracting process to provide as broad and price competitive a portfolio as possible. In instances in which Innovatix will award a contract to a limited number of vendors, the evaluation to select such products and services is based upon price, third-party reimbursement considerations, and availability of supply considerations.

Links: [http://innovatix.com/vendors/vendor\\_qualifications.html](http://innovatix.com/vendors/vendor_qualifications.html)  
[http://innovatix.com/vendors/contracting\\_process.html](http://innovatix.com/vendors/contracting_process.html)

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy  
Web site page(s) cited above on Contracting 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 entire GPO program is geared toward generating competition among vendors for the purpose of allowing members to purchase at the lowest prices and/or best quality. Even in the instances when a contract is negotiated with one or a limited number of vendors, it is the result of comparison of and/or competition among vendors even if not achieved through a formal RFP

procurement process. Innovatix's policies and practices that support competitive procurement include limiting the length of contracts to three years, absent extraordinary circumstances, and offering contracts on a multisource basis if there is more than one available vendor that offers appropriate contract terms. However, Innovatix reserves the flexibility to offer a sole source award if such award will result in better pricing and other beneficial terms for members. Additionally, Innovatix's flexible and open contracting approach allows it to continually negotiate and contract with vendors to adjust prices downward.

Links: [http://innovatix.com/vendors/contracting\\_process.html](http://innovatix.com/vendors/contracting_process.html)

Supporting Documents: Article II, Section 12 of the Code  
Innovatix Web site page(s) cited above regarding Contracting Process  
Innovatix Policy #5, Contract Award and Vendor Information 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?
- 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. Yes. Innovatix has policies and practices to attempt to offer all products and services on a dual or multi-source basis, i.e., for all products, at least two vendors' products are offered through the program. However, sole source awards may be granted where appropriate, as described in the response to question 6vii.2. below.

6vii.2. If Innovatix determines that its members would benefit from a dual or sole source award, it will use sole or dual source procurement. For example, if a sole source award will result in better pricing or other terms for members, Innovatix would consider offering the contract on a sole source basis. Notwithstanding the foregoing, to the extent relevant to the Innovatix program, all Physician Preference Products are offered on a multi-source basis, without exception.

6vii.3. Innovatix utilizes an open contracting process as described in its response to question 6.1 above. Innovatix may award a contract to single vendor that does not contain an exclusivity provision in many situations, including when only one supplier of a particular product is identified or when only one supplier responds to an RFP.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: Article II, Section 10 of the Code  
Article II, Section 11 of the Code  
Innovatix Policy #5, Contract Award and Vendor Information Policy

**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?

6viii.1. Under Article II, Section 1 of the Code, all administrative fees must be 3% or less of members' purchases.

6viii.2. Innovatix does not accept any administrative fees beyond 3% from any Participating GPO Vendor.

6viii.3 As discussed above, Innovatix does not receive administrative fees of more than 3% of members' purchases.

6viii.4. Innovatix does not accept marketing fees, equity, signing bonuses, or up-front fees. The Code does however allow Innovatix to accept exhibit booth fees from Participating GPO Vendors, but virtually all other funding from Participating Vendors is either significantly limited or prohibited. As of June 2007, Innovatix has ceased offering advertising in its newsletters or other publications or accepting advertising fees.

6viii.5. Innovatix does not impose a minimum fee requirement for suppliers.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: Article II, Section 1 of the Code

**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. Article II, Section 8 of the Code prohibits bundling unrelated products across different vendors and prohibits vendor contracts in which vendors bundle their own products in a manner that results in higher prices for Participants.

6ix.2. Innovatix does not permit bundling of unrelated products or services from the same vendor in a manner that would result in higher prices for Participants. Innovatix would allow a vendor to give additional rebates or discounts for purchases of unrelated products for that vendor if Innovatix determined that such practices conform with relevant law and that they would yield lower pricing for the members.

6ix.3. Innovatix does not permit bundling of unrelated products or services from different vendors.

6ix.4. Article II, Section 12 of the Code limits the length of contracts to three years, absent extraordinary circumstances in which Participants would materially benefit from the existence of a longer-term contract. Innovatix is currently a party to a few group purchasing contracts that have a term of more than 3 years. The reasons for the longer contract terms include that in several cases, Innovatix sought a longer term in order to secure each of the contract’s highly favorable pricing, supply commitments, and other terms for its members for as long as possible.

Links: [http://innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents: Article II, Sections 8 and 12 of the Code

**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.

No. Innovatix does not have a private label program for medical products or any products.

**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. Innovatix's policy and procedure on vendor information is available on the Innovatix Web site. In general, it addresses issues including the criteria for being an eligible vendor, the contracting process, and the vendor grievance process. The Web site also provides contact information for vendors to contact relevant Innovatix staff and contains an inquiry form for new vendors.

7.2 The Innovatix Web site posts the procedure for vendor grievances and provides the contact information for registering a complaint. If a grievance is submitted to Innovatix, the Compliance Officer reviews all facts and circumstances in conjunction with a senior officer responsible for the relevant contract/contracting process and conducts an investigation. The Compliance Officer then responds to the vendor within 30 days. If the Compliance Officer determines that there is a material breach of one of Innovatix's policies, he/she will review the matter with the Innovatix Audit and Compliance Committee.

7.3 The vendor submits a written description of the grievance. It is sent to the President of Innovatix and forwarded to the Compliance Officer. The Compliance Officer conducts an investigation, which could include consultation with outside advisors as necessary. After the Compliance Officer reaches a conclusion he/she discusses the relevant information with the senior officer of Innovatix, records it in log, and contacts the vendor for resolution.

Links: <http://www.innovatix.com/vendors/index.html>

Supporting Documents: Web site page(s) cited above regarding vendor rights  
Policy #5, Section IV, Vendor Complaint Procedure  
Policy #5, Section V, Response to Vendor Complaints

**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.

- |   |
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| <p>8.3. How does the GPO ensure innovative technology provisions exist in vendor contracts?</p> <p>8.4. Are GPO members allowed to evaluate products from vendors, regardless of whether such vendor has a contract with the GPO?</p> <p>8.5. Are GPO members allowed to communicate with all vendors, regardless of whether the vendor has a contract with the GPO?</p> <p>8.6. Are GPO members allowed to purchase non-contracted products of clinical preference products or services directly from vendors?</p> |
|---|

8.1 In connection with its relationship with Premier, one of Innovatix’s owners, Innovatix is able to access certain Premier resources, including its technology evaluation processes. Premier has extensive processes to evaluate and review innovative clinical products. Additionally, vendors that believe they have innovative clinical products and services are encouraged to contact the designated Innovatix staff member. The Innovatix Web site page regarding new supplier information indicates the procedure for submission and review of the information, and Innovatix’s contracting process allows for contracting with such vendors at any time.

8.2 Yes. Innovatix has the right to write a new contract at any time. Innovatix contracts typically have technology clauses in them that allow Innovatix to award a contract to one or more additional vendors for an innovative product in mid-contract cycle. Additionally, most contracts are not exclusive so that a new vendor can be added any time for any reason that would benefit the members.

8.3 Innovatix’s standard contract contains relevant language regarding the Innovatix’s ability to offer an innovative technology product at any time, and Innovatix would attempt to put appropriate clauses in all contracts that do not use the standard contract.

8.4 Yes. Innovatix members are allowed to evaluate products from all vendors, regardless of whether such vendor has a contract with Innovatix. Additionally, there are no restrictions on members’ ability to purchase directly from vendors if such member deems it to be in their best interest.

8.5 Yes. Innovatix members are allowed to communicate with all vendors, regardless of whether the vendor has a contract with Innovatix, subject to certain confidentiality provisions regarding Innovatix’s portfolio pricing.

8.6 Yes. Innovatix members are allowed to purchase non-contracted products of clinical preference products or services directly from vendors. Innovatix does not in any way restrict direct purchases of clinical preference items between the members and the suppliers.

Links: [http://innovatix.com/vendors/new\\_vendor\\_info.html](http://innovatix.com/vendors/new_vendor_info.html)

Supporting Documents: Article II, Section 9 of the Code  
Innovatix Policy #5, Contract Award and Vendor Information Policy

**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.

9.1. In connection with its relationship with Premier, Innovatix is able to access certain resources of Premier, including its vendor diversity program. Premier has an extensive program to encourage contracting with small, women-owned, and/or minority businesses, which Innovatix accesses. According to Innovatix’s Contract Award and Vendor Information Policy, senior staff of Innovatix are to evaluate that policy annually as it relates to Innovatix and are responsible for developing supplements to the program for Innovatix, as necessary.

Supporting Documents: Policy #5, Contract Award and Vendor Information Policy, Section I.2.

9.2 Please see Premier’s response to this question regarding the statistics of the program.

**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 Yes. Innovatix distributes hard copies of its Code to all employees annually. Additionally, as discussed above, it also distributes an Annual Disclosure Statement to Executive Employees.

10.2 The Code is also available to employees and the general public on the Innovatix Web site, [www.innovatix.com](http://www.innovatix.com).

10.3 Innovatix will distribute its Code to all members of any clinical advisory committees on an annual basis. It will also distribute an Annual Disclosure Statement to each of such committee members and will require that the members complete the Statement and return it to Innovatix.

10.4 Innovatix distributes its Code to all members of its Board on an annual basis. It also distributes an Annual Disclosure Statement to Board members and requires that the members complete the Statement and return it to Innovatix.

10.5 Yes. Innovatix distributes its Code to agents and contractors that participate in the GPO activity on an annual basis. It also distributes an Annual Disclosure Statement to such persons and requires them to complete the Statement and return it to Innovatix.

10.6 Innovatix distributes its Code to Participating GPO Vendors as part of the contracting process. The Innovatix contract template typically contains a provision in which vendors acknowledge the provisions of the Code and are requested to comply with relevant provisions.

Links: [http://www.innovatix.com/assets/attachments/innovatix\\_code\\_conduct.pdf](http://www.innovatix.com/assets/attachments/innovatix_code_conduct.pdf)

Supporting Documents:       Cover letter to employees for distribution of Code  
                                      Contract provision with Consultants  
                                      Contract provision with Vendors

**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 Yes. All new executive staff employees receive a copy of the Code as part of the package of orientation materials that is provided by the human resources department.

11.2 A member of the human resources department provides new employee orientation briefings and gives a brief summary of the Code, presents the Annual Disclosure Statement that an employee is required to complete before commencement of his/her employment, and provides the name of the Compliance Officer and/or his/her designee and other relevant individuals. In certain cases (e.g., when an employee has a question or there is an actual or potential conflict disclosed), the employee would meet with the relevant compliance staff member for a more in-depth orientation or discussion and resolution of an issue. Innovatix also conducts periodic training sessions for new and existing employees.

Supporting Documents:       Policy #1, Training and Education Policy  
                                      Annual Disclosure Statement for Employees

**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. Innovatix conducts employee refresher training sessions for all executive staff at least annually, and more frequently for members of the senior staff.

12.2 Training sessions typically consist of a large group of all relevant employees and are conducted by the Compliance Officer. The Compliance Officer also conducts periodic training sessions on particular topics throughout the year. In general, the training provides an overview of relevant laws, a discussion of conflicts of interest and the various issues that may be raised by conflicts or potential conflicts, and a detailed description of various key provisions of the Code. The Compliance Officer gives an oral presentation to the relevant employee group or groups. In general, Innovatix conducts one overall session annually to the full employee group and smaller sub-group sessions through the year.

Supporting Documents: Policy #1, Training and Education Policy  
Slide Presentation from December 5, 2007 Training Session

**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 Yes. Innovatix has a Compliance Officer. Pursuant to Innovatix’s policy for Communications with Employees and Reporting Potential Non-Compliance with the Code, any complaints may be reported to the Compliance Officer or the staff member’s immediate supervisor, and are reviewed in accordance with Innovatix’s policy on Response to Questions, Complaint Follow-up, and Corrective Action Procedures. Innovatix also accepts anonymous complaints and has setup a “Compliance Hotline” telephone line that can receive anonymous questions and complaints. All compliance issues are overseen by the Innovatix Audit and Compliance Committee.

13.2 Innovatix’s Policy for Communications with Employees and Reporting Potential Non-Compliance with the Code requires Innovatix to protect confidentiality, where appropriate.

13.3 Innovatix’s Policy for Communications with Employees and Reporting Potential Non-Compliance with the Code prohibits Innovatix or any officer or staff member from retaliating against an individual that uses the reporting mechanism in good faith.

Supporting Documents: Policy #2, Communications with Employees and Reporting Potential Non-Compliance with the Code  
Policy #4, Oversight and Monitoring Compliance, Section II

**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. Innovatix’s policy on Response to Questions, Complaint Follow-up, and Corrective Action Procedures sets forth the process by which the Compliance Officer would investigate an inquiry and take the relevant action. All such actions are recorded in a compliance log. Additionally, reports of violations or suspected violations are made to the Innovatix Audit and Compliance Committee. The Compliance Officer is also required to give quarterly updates on the Compliance Program to that Committee and to provide a comprehensive report to the full Innovatix Board on at least an annual basis.

Supporting Documents: Policy #3, Response to Questions, Complaint Follow-up, and Corrective Action Procedures

**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 Yes. Compliance with Innovatix’s Code is a critical factor in assessing overall job performance.

15.2 Innovatix takes ethics and compliance with the Code into account by including specific compliance criteria in its annual performance evaluation process.

Supporting Documents: Executive Staff Performance Review (with questions pertaining to ethics and the Code highlighted)

**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 Yes. Pursuant to Innovatix's policy on Oversight and Monitoring Compliance, senior management of Innovatix is required to meet several times a year to review and evaluate compliance issues that may arise and oversees and assesses Innovatix's adherence to the law and to the Code.

16.2 The Compliance Officer conducts the evaluation.

16.3. The Compliance Officer makes a report to the Board of Innovatix on at least an annual basis.

Supporting Documents: Policy #4, Oversight and Monitoring Compliance

**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 Six (6) officers and/or employees of Innovatix participated in the Best Practices Forum held in Washington DC in January 2008.

17.2 Lee H. Perlman, Chair of Innovatix and John P. Sganga, President and CEO were the most senior executives of Innovatix who attended.

**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 GPOs board of directors or a committee of the board? If so, please state how often and in general, what information is reported?

18.1 Yes. The Compliance Officer is required to meet regularly with the Innovatix Audit and Compliance Committee. The Innovatix Audit and Compliance Committee and the Compliance Officer are required to make a formal report to the Board of Directors at least annually. In general, the reports describe the elements of the Innovatix Compliance Program, summarize key provisions in the Code and related policies, and how they have been implemented within the relevant timeframe. Additionally, the Compliance Officer reviews all material issues of interpretation of the Code with the Board or appropriate committee of the Board of Innovatix.

18.2 Yes. The Compliance Officer reports to the Innovatix Audit and Compliance Committee on Innovatix's participation in HGPII. Among other things, the Compliance Officer provides the Committee with an overview of the company's responses to this questionnaire, along with a copy of this response to this questionnaire, and in general discusses the company's policies in light of various best practices that have been suggested by HGPII.

Supporting Documents: Policy #4, Oversight and Monitoring Compliance  
Article IX of the Code

**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 Lori R. Levinson, Senior Vice President and Deputy General Counsel, GNYHA Ventures, Inc., is the Compliance Officer and is responsible for overseeing the business ethics and conduct program of Innovatix.

19.2 Ms. Levinson's contact information is as follows:

Lori R. Levinson, Senior Vice President and Deputy General Counsel  
GNYHA Ventures, Inc.  
555 West 57<sup>th</sup> Street, Suite 1500

New York, New York 10019  
(phone) 212-506-5419  
(fax) 212-262-6350  
(email) levinson@gnyha.org

19.3 With respect to questions about this report, please call Lori R. Levinson.

Supporting Documents: Innovatix Audit and Compliance Committee Charter