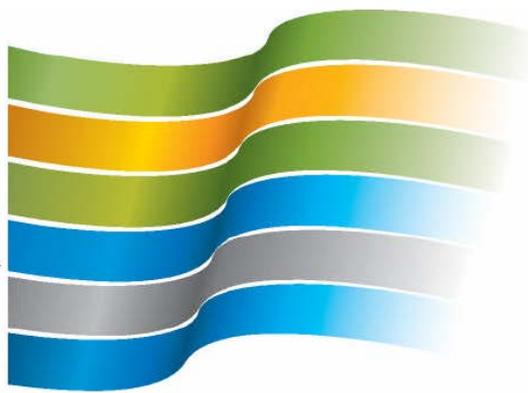


HEALTHCARE
GROUP
PURCHASING
INDUSTRY
INITIATIVE



Tenth Annual Report to the Public

March 2016

HGPII Coordinators

The Honorable Philip English
The Honorable Byron Dorgan
The Honorable Robert Bennett

Arent Fox LLP

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Executive Summary

As it completes its tenth year of existence as the standard setting and voluntary self-regulatory entity for the healthcare supply chain industry, the Healthcare Group Purchasing Industry Initiative (HGPII) is able to report that member group purchasing organizations are demonstrating a continuing commitment to adhere to the highest possible ethical standards and recognize best business practices. As the result, HGPII supports the conclusion that group purchasing within the supply chain is making a positive contribution to the containment of healthcare costs, together with a goal of healthcare quality. The annual HGPII survey of the industry, the most comprehensive of its kind, concludes that the members are continuing to adhere to their stated commitments under the HGPII process as described below. As the result, we find that the healthcare suppliers and providers both enjoy the benefits of a transparent, professional, and modern supply chain that produces predictable and positive results.

This year HGPII continued and expanded its mission of monitoring business practices within healthcare group purchasing organizations (GPOs), in the process of supporting a strong ethical culture and commitment to affordable and innovative products by our membership. We find continuing evidence that group purchasing in the healthcare sector is generating real savings and tangible value to the healthcare system at a critical time. Through the sustained efforts and established analytics of competing GPOs, healthcare providers are benefiting from a dynamic, transparent, and predictable supply chain.

The multi-tiered HGPII review process continues to highlight the successes and challenges of the GPO industry. As outlined below, the organizations surveyed have successfully met key benchmarks in their commitment to ethics training, freedom from conflicts, contracting practices, the resolution of grievances, appropriate fee structure, and supply chain diversity promotion.

The HGPII process was successfully completed for 2015, and culminated in a widely attended annual best practices seminar in which our entire membership participated. HGPII was also involved in numerous public interactions with research entities and policy makers, and has maintained a fully transparent record of its activities on its website.

The following report includes an official compilation of the HGPII membership process with industry standards, a detailed description of activities within the Initiative and the contents of the questionnaires completed by each participating GPO organization.

HGPII, under the management of Arent Fox LLP, has continued to perform its mission of providing rigorous independent oversight of business practices within the healthcare supply chain, reviewing and setting standards, identifying issues and vetting grievances relating to best practices, and providing public review of decision making in the sector. The Initiative provides a forum where all parties to healthcare supply transactions can seek a resolution to issues relating to best practices.

Overview of the Supply Chain

The healthcare supply chain has undergone dramatic changes since HGPII was launched. Many of the issues that were central to the original HGPII agenda have seen significant progress. At the same time, upward cost pressures on the healthcare system have made economies, including those from group purchasing, more important than ever.

The passage and implementation of the Affordable Care Act (ACA) is contributing to new challenges in the healthcare system, some of which can be attributed to an increasing demand for healthcare services coupled with the ongoing challenge of quality care.

The GPO industry itself has experienced many dynamic changes and some consolidation of existing companies. HGPII oversight of the sector confirms that there continues to be a high level of competition between group purchasing organizations throughout the country, to the evident benefit of healthcare providers. HGPII has also noted occasional supply problems in the healthcare marketplace (e.g. drug shortages), but our review has produced no evidence linking them to the general policies and practices of GPOs, and in fact, most GPOs have undertaken significant efforts to use their expertise to alleviate drug shortages and price spikes and identify additional supply where possible.

There is tremendous variation in healthcare spending in the United States. Medicare and private health insurance costs are higher in certain areas of the country as a reflection of higher wages and rent costs. An appropriate issue is whether higher spending translates into better healthcare outcomes.

Researchers at the Dartmouth Atlas of Health Care have been researching the differences in healthcare utilization and spending. The data that is publicly available through its website offers anecdotes of the variance utilization and payment patterns in the U.S. health system. For example, physicians in certain parts of Maine order nearly four times as many chest x-rays for

children than do physicians in other parts of the state.¹ And men over 75 receive nearly five times as many radiation treatments for prostate cancer in Jacksonville, Florida versus Greenville, North Carolina.²

Patients are largely nescient about the cost of care because there is rarely a benefit for seeking out low-priced providers. If a patient has insurance and doesn't have to bear a significant out-of-pocket cost, he may be more likely to undergo an elective test or procedure. Decisions about where to have surgery or receive medical care are based more on the reputation of a physician or facility and not necessarily on whether that surgery or care could be delivered more efficiently or less expensively.

The mission of hospitals, skilled nursing facilities and physician offices has been to care for those who are sick; however the implementation of the Affordable Care Act (ACA) has moved healthcare providers treating Medicare beneficiaries into value-based care to reduce preventable episodes such as infections and falls and to show positive outcomes, or be financially penalized.

The expansion of insurance through Medicaid, health exchanges, and an ACA policy that allows young people to remain on their parents' health plans, has added approximately 17.6 million³ consumers into the payer mix. Hospitals and other providers that once thrived catering to the sickest patients must now focus on primary and coordinated care to improve the health of patients and avoid costly readmissions. Some providers have adapted to the changing regulatory landscape and thrived through adoption of new care models and consolidation, while others have not.

Much of the behind-the-scenes work driving new ways of delivering care and systematically lowering costs is being navigated by group purchasing organizations⁴ (GPOs) who are applying data solutions to help healthcare administrators create better ways to deliver care, improve quality, and reduce costs. GPOs negotiate with manufacturers, suppliers, and distributors for the best price of goods and services, providing billions in price savings to

¹ The Dartmouth Atlas of Health Care, Chest X-Rays per 1,000 Children, accessed at: <http://www.dartmouthatlas.org/data/table.aspx?ind=277>, 2007-2010.

² The Dartmouth Atlas of Health Care, Radiation treatment per 1,000 male Medicare enrollees over age 75 with prostate cancer, accessed at: <http://www.dartmouthatlas.org/data/table.aspx?ind=320>, 2007-2012.

³ ObamaCare Enrollment Figures, September 2015 data, <http://obamacarefacts.com/sign-ups/obamacare-enrollment-numbers/>.

⁴ Data provided by the Healthcare Supply Chain Association, the trade association representing Group Purchasing Organizations.

customers on pharmaceuticals, medical and surgical purchases, and in reduced purchasing costs by eliminating the need for providers (e.g. hospitals) to take on costly internal sourcing functions.

GPOs provide an economic tool for their customers. They use large economies of scale to moderate prices in a healthcare marketplace where prices vary, depending on whether a drug, product, or device is sourced from a manufacturer, a wholesaler, or a distributor. GPOs offer their customers flexibility in product sourcing and certainty in pricing.

GPOs know their customers are under no obligation to participate in the pooled purchasing afforded by a GPO, though surveys suggest that the vast majority of hospitals rely on one or more GPOs to negotiate prices on everything from sutures to large-scale medical equipment. An exception to open-contracting models is the “committed model” GPO which requires that a certain percentage of purchases come from contract offerings, in exchange for slightly higher savings.

GPOs are increasingly being called upon to help their customers leverage informatics in nearly every aspect of hospital care. GPOs collect data and utilize clinical advisory committees to assist healthcare providers in making sound contracting decisions and identify products that are supported with positive clinical outcomes. GPOs also use data and clinical evidence to save their customers money by recommending additions to or repair of capital equipment as opposed to buying new systems.

Occasionally, the GPO industry has not been well understood, and this lack of understanding has led to questions about GPO contracting policies, administrative fees, and innovation. Understandably as GPOs have developed direct lines to hospitals and other provider networks and helped reduce the price of goods and services, many entities in the healthcare supply channel have been displaced or limited. The same changes that have transformed the healthcare marketplace and eliminated the need for hospitals to have their own internal procurement operations, have made it more difficult for traditional distribution networks to market directly to providers.

The Role of GPOs in the Healthcare Sector

For more than one hundred years, GPOs have been an essential tool for hospital executives in managing the delivery and costs of goods and services. More recently, nursing

home, home health, pharmacies, and physician practices have come to realize the significant savings GPOs provide. The value of GPOs is even more critical today. In fact, it has been estimated that 96 to 98 percent of hospitals rely on one or more GPO to purchase goods and services. Current data indicates that as much as 72 percent of all hospital purchases are made within GPO contracts.⁵

The healthcare supply chain industry has not only grown significantly in the last three decades but has also undergone tremendous diversification. Many people still view GPOs as simply price negotiators of goods and services for their members. The traditional image of a GPO has been that of a centralized purchasing repository for everything from diagnostic and surgical tools to bandages and hospital linens. GPOs continue to serve an important role as a purchasing tool for hospitals and other healthcare providers, but the increasing need by their customers to maximize efficiency drives GPOs beyond being just purveyors of medical supplies. The GPOs of today are using complex data and analytics to help their members make better purchasing decisions that improve patient care, safety, and value.

GPO analytics are helping hospitals uncover perverse incentives that have become ingrained in the U.S. healthcare system, but often seem innocuous on a hospital by hospital basis. This includes trying to understand the impact of a surgeon's preference for a certain implant vendor and can uncover practices such as use of newer, more costly versions of medical devices that offer no additional clinical benefit when compared to older versions. GPOs have developed data tools to analyze factors that drive purchasing decisions and physician utilization to help hospitals better understand whether these trends are clinically efficacious and fit within the service delivery paradigm of the hospital. These tools can also help determine whether physicians use extra features of new medical technology, which can assist the hospital in determining the necessity of frequently upgrading technology platforms with often minimal or negligible patient benefit.

While price is still a critical consideration in healthcare purchasing, hospitals are now able to look beyond price lists using comparative data to determine how much they are paying for identical products in different settings across town or in another state. These types of

⁵ Burns and Lee Study, "Hospital purchasing alliance: Utilization, services, and performance" accessed at: http://c.ymcdn.com/sites/www.supplychainassociation.org/resource/resmgr/research/burns_lee.pdf, 2008.

analytics are directly empowering hospitals to effectively negotiate prices, avoid duplicative or underutilized technologies, and better integrate quality and clinical evidence into purchasing decisions. Hospitals are willing to share this information because they see the value in lowering the cost of healthcare across-the-board.

HGPII Initiative

The Healthcare Group Purchasing Industry Initiative (HGPII) is an organization formed in 2005 by leaders of nine large GPOs to increase public understanding of the role of GPOs in the healthcare supply chain. HGPII was born in part with the belief that the industry would be stronger by developing its own best practices and adopting new standards of transparency and ethics for its businesses that would incent others to adopt them as well.

As with most industries, each GPO was aware of its own business practices but less familiar with how its competitors and others in the supply chain interpreted and complied with federal mandates. The continued growth of the GPO industry and interest from Congress and federal agencies served as further impetus for GPOs to want to refine and retool their operations.

HGPII currently includes eleven companies: Intalere (f.k.a Amerinet, Inc.), Children's Hospital Association, GNYHA Ventures, Inc., HealthTrust Purchasing Group, HPS, Innovatix, LLC, MedAssets, Inc.⁶, Premier, Inc., Texas Purchasing Coalition, Vizient, Inc.⁷ (f.k.a. VHA Inc., University HealthSystem Consortium and Novation, LLC) and Yankee Alliance who are actively engaged in the principles and activities of the coalition's mandate. HGPII member GPOs promote the Initiative to their non-member counterparts, and Initiative coordinators reach out to interested entities for potential membership. HGPII is not a lobbying coalition and its mission does not include direct advocacy activities, however it is expected that through the continued nurturing and self-monitoring of GPOs, industry partners and government oversight bodies will better understand and value the role GPOs play in the delivery of healthcare goods and services.

⁶ This report reflects data from 2014. But note, in April 2015, VHA, Inc., University HealthSystem Consortium, and Novation LLC merged to create one combined organization, later named Vizient, Inc. In February 2016, Vizient acquired MedAssets, Inc.'s Spend and Clinical Resource Management (SCM) segment, including Sg2. For purposes of this report and the questionnaire results, MedAssets information is broken out from Vizient.

⁷ For the purposes of this questionnaire, all answers reflect Novation and its structure as it existed in 2014

As part of HGPII membership, each GPO agrees to work within the Initiative to improve ethics and compliance practices and increase the transparency of its policies and procurement process. Each year, GPO members submit answers to a *Public Accountability Questionnaire* comprised of dozens of questions that survey members on issues ranging from business ethics as they relate to employee policies, corporate leadership, vendor negotiations, and relationships with hospitals and providers generally, to how policies are specifically implemented when challenges arise. Follow-up discussions are conducted by Arent Fox staff via telephone, and two GPOs are randomly selected each year for in-depth, onsite interviews.

Throughout the year, HGPII interacts with members regarding federal regulations and compliance issues, requests from policymakers, and issues brought forward by members. A yearly *Best Practices Forum* attended by the top GPO executives, legal counsel, and purchasing staff, takes a deep dive into ethical issues, vendor protocols, and engages with federal policymakers in an attempt to cultivate improvements in the healthcare supply chain that promote transparency and ethical business practices.

An advisory panel, consisting of three independent ethicists, meets with HGPII members to guide policy discussions and offer independent insight into potential ethical concerns raised within the industry and by federal policymakers and the media. In 2014-2015, the HGPII Advisory Panel highlighted new and current ethics issues, along with important business membership organizations engaged in professional development and best practices, culminating in a presentation and discussion at the 2015 *Best Practices Forum*.

Over the years, HGPII has sought to work with like-minded organizations that share its mission of ethics and transparency. HGPII recognizes the importance of strong ethical practices programs in other parts of the supply chain. In 2014, HPGII began conversations with the Advanced Medical Technology Association (AdvaMed), a trade association representing 80 percent of medical technology firms in the U.S that produce 90 percent of the healthcare technology purchased in the U.S., which shares its interest in developing and promoting a strong ethics program. HGPII and AdvaMed continued their work to promote ethical practices in the sale and purchase of medical goods and services. HGPII members continue to seek out other partnerships, as well as independent ethical designations, that they can promote within their own organizations and to those with whom they do business.

Since 2011, HGPII has been independently coordinated by the Honorable Philip English, Byron Dorgan and Robert Bennett at the law firm Arent Fox LLP in Washington, D.C. who certify to the adherence of HGPII principles by its members. Additional logistical and policy support is provided by Amy Demske, Laura Doyle, and Hope Morris.

This Tenth Annual HGPII Report to the Public contains the following findings:

1. Conformity. Each member of the HGPII initiative commits to six core principles of the HGPII charter including 1) having and adhering to a written code of business conduct; 2) training all employees as to their personal responsibilities under the code; 3) committing to work toward the twin goals of high quality healthcare and cost effectiveness; 4) working toward an open and competitive purchasing process free of conflicts of interest and undue influences; 5) sharing best practices in implementing the Principles; and 6) increasing accountability with the public. (See Appendix A).
2. Conflicts of Interest. Each HGPII member actively promulgates and enforces its own code of conduct intended to ban conflicts of interest, or their appearance, through differing means and procedures. Employees are introduced to potential conflicts upon hiring, and regular training is intended to reinforce these conflicts related to gifts, travel, meals, and other potential inducements. GPOs disseminate written materials that specifically outline ways in which employees can report ethical or business conflicts. These are reviewed by HGPII coordinators each year as part of the *Public Accountability Questionnaire (PAQ)* and interview process.
3. Administrative Fees. According to written responses to the *Public Accountability Questionnaire*, and individual follow-up interviews with GPO executives, most HGPII members maintain administrative fees at 3% or less. GPOs have noted where certain product and service contracts maintain higher administrative fees, and have disclosed these amounts to members in compliance with federal GPO Safe Harbor regulations.

4. Transparent Bidding and Awards. All members have conformed to consistent high standards in their contract bidding and awards processes, and have identified transparency in these contracts as an organizational priority. HGPII’s assessment is based on documented materials outlining the contracting process, vendor requirements and award notifications, which are publicly available on member websites.

5. Contract Terms. The *PAQ* found that the average supplier contract term among member organizations ranges from two to three years for most products and services. Certain complex or resource-intensive services, including laboratory services and pharmacy management tools, are often provided longer contract terms because of build-out and resource requirements. HGPII members indicated that new and innovative products are continuously evaluated by clinical advisory panels and brought under contract even if a predicate technology is already under contract. Customers routinely request GPOs consider contracting for certain products, and there is flexibility to consider new products at any time.

6. Sole Source Contracts. The *Public Accountability Questionnaire* found that most HGPII members use sole source contracts as necessary to achieve maximum savings for their members. GPOs report that the use of sole sourcing often occurs when only one vendor is available to provide a specific product, which is sometimes referred to as a “single source” contract.

7. Bundling of Contracts. The issue of bundling is frequently discussed, but the *Public Accountability Questionnaire* confirms past findings that bundling of unlike items generally does not occur in GPO contracting. GPOs indicate a distinct disinterest in bundling or negotiating with vendors over different types of products and rarely offer these contracts. Manufacturers and vendors, however, sometimes offer better prices for aligned products, such as laboratory testing kits being grouped with the related testing equipment, and those may be offered when they result in additional cost-savings or product choices for GPO members.

8. Promoting Innovation. HGPII members have pioneered multiple ways to promote innovative technologies. Some GPOs encourage interested vendors to promote their products at regularly scheduled GPO organized technology expos and through web-based technology forums. GPOs also rely on clinical advisory committees and independent research to make recommendations as well as recommendations from customers about innovative products. GPOs report that they have preserved the flexibility to contract for innovative technologies at any time.

9. Internal Controls and Grievances. Every member GPO has established and published its practices for reporting potential ethics violations. HGPII members provide their employees with several different types of internal and external (independent) channels for reporting potential ethics violations by employees, vendors, or others, with a focus on doing so in a way that prevents retaliation. Each GPO is actively engaged and invested in the internal control and grievance process.

10. Vendor Grievances. HGPII GPOs provided evidence of active and accessible grievance policies for vendors who are not awarded contracts or believe the contracting process was unfair. HGPII members discussed instances where vendors have aired grievances, and most confirmed that use of this option has been rare. The alternative HGPII grievance policy (see Appendix H) under which a vendor may bring its concerns before the American Arbitration Association has not yet been utilized by vendors. Each GPO discloses the availability of this option. GPOs indicate regular meetings with vendors and customers that allow for frank discussions about the contracting process and feedback when a contract has not been awarded.

11. Ethics and Best Practice Compliance. Every member GPO provides its employees with written ethics policies, ethics orientation, and a copy of the company's code of conduct. Employees are provided periodic – often annual – refresher sessions about company policies and compliance issues. Each company's compliance officer has stated that sound ethical practices are a condition of employment.

12. Participation in HGPII Best Practices Training. We certify that each member of the Initiative has adequately participated in the 2015 HGPII annual *Best Practices Forum*, with sixty-two representatives of GPO management and senior compliance, legal and operational executives.

13. Diversity Promotion. Each GPO strives to increase representation of minority, women and veteran-owned businesses in their contract awards. Several of the GPOs report increases in minority contracts, and are employing a number of methods, including diversity fairs and targeted publications, to increase outreach to diverse partners. Initiatives to recruit larger numbers of female and minority employees have also been a focus of HGPII GPOs. One member has a number of initiatives in place to recruit college and graduate students into institutional and corporate roles to improve long-term diversity in decision making.

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March 1, 2016

To: Interested Persons

From: Honorable Philip English
Honorable Byron Dorgan
Honorable Robert Bennett
Healthcare Group Purchasing Industry Initiative Coordinators

Re: Certification of HGPII Participation

Arent Fox LLP is concluding its fourth year as independent co-coordinators of the Healthcare Group Purchasing Industry Initiative (HGPII). Our firm did not create the HGPII initiative or guide it through its initial years, but we have been pleased to oversee a process we view as valuable within the healthcare supply chain and as an example to others in the healthcare industry. As coordinators of the HGPII Initiative, Arent Fox provides the platform for member discussions, encourages broad participation in regular workgroup discussions, hosts an annual *Best Practices Forum*, and provides independent counsel when necessary about policies and principles. HGPII is not intended as an advocacy organization, and Arent Fox does not lobby on behalf of HGPII.

Each member agrees to respond to an extensive written questionnaire, engage in a follow-up telephone or in-person interview conducted by HGPII coordinators and health policy staff at Arent Fox to closely review their business practices as well as ethical and compliance standards. All HGPII participants supplemented their responses with additional written materials and electronic links to match policies with questionnaire responses. After extensive review and engagement with executives, legal, compliance, and operational personnel from each member GPO, we are pleased to certify that all HGPII members have conformed to the core principles of HGPII and conditions of participation.

We are pleased to share the tenth annual *HGPII Report to the Public*, which covers activities in the year 2015. HGPII represents the efforts of eleven group purchasing organizations that have come together to promote improved ethical standards and transparency in the healthcare supply chain. Please do not hesitate to contact Philip English, Coordinator or Laura Doyle at (202) 857-6343 or laura.doyle@arentfox.com for additional information about anything contained in the tenth annual *HGPII Report to the Public*.

Sincerely,

Hon. Philip English
Coordinator

Hon. Byron Dorgan
Co-Coordinator

Hon. Robert Bennett
Co-Coordinator

Background

For more than a century, the primary role of group purchasing organizations has been to aggregate purchasing for providers across the healthcare spectrum and to reduce or eliminate the need for individual healthcare institutions to maintain internal purchasing systems and separately broker for goods and services. A vendor speaking at the 2014 HGPII *Best Practices Forum* framed the benefits for vendors. “We do not have the resources to call on 20,000 physicians about our product. That is the benefit of contracting with GPOs.”

Simply put, GPOs allow small suppliers to compete in the marketplace with large, more established suppliers with large portfolios of products and gain access to broader markets for their products. The pooled purchasing power dynamic in the GPO contracting model lowers prices for customers while still enabling hospitals and other healthcare providers the opportunity to purchase products and services outside the GPO contracting process.

The group purchasing industry is large and diverse. GPOs vary in size, ownership structure, in the types of services they provide and the regions and types of facilities they serve. In an attempt to differentiate GPOs from their competitors and remain vital to their customers, GPOs have created tools to manage risk, challenge inefficiencies, and measure quality and cost.

Vendors pay contract administrative fees to GPOs, which are typically based on a percentage of the cost of the products that GPO customers purchase through GPO-negotiated contracts. Federal law provides GPOs with a safe harbor to the “anti-kickback” provision of the Social Security Act, 42 U.S. Code 1320a-7, which would otherwise prohibit such fees. Administrative fees help fund GPO services and incent vendors to provide deeper discounts than would otherwise be provided outside of a GPO contract. GPOs aggregate the purchasing needs of their member hospitals and other provider customers, thereby lowering costs in both the purchasing function itself and in the prices at which products and services are procured. Additionally, GPOs enable members to coordinate the collection of important healthcare metrics, data and systems improvement essential to the quality of care.

HGPII members routinely engage in discussions with federal policymakers to discuss HGPII’s voluntary development and improvement of accountability standards and business ethics and increased transparency to customers, vendors and to the public. Members of Congress and senior staff from CMS and Capitol Hill are invited to participate in HGPII’s *Best Practices Forum* to discuss issues of mutual interest, and other dialogue with interested parties is welcome.

Several federal agencies have oversight authority for group purchasing organizations including the Department of Health and Human Services which has enforcement authority under the Anti-Kickback statute; the Federal Trade Commission, which has responsibility for federal antitrust laws and the Department of Justice, which is responsible for Anti-Kickback and federal antitrust laws. Routine inquiries from Members of Congress and supporting investigative bodies such as the Government Accountability Office (GAO) have been handled in a thorough and prompt manner. HGPII seeks to lead the industry by positioning integrity and ethical business practices as the core of business models, leading by example, and operating with the assumption that eventually the entire healthcare supply chain will follow suit. HGPII members believe a strong commitment to self-governance by member GPOs has reduced scrutiny of the healthcare supply chain and GPOs.

HGPII and its Mission

The Healthcare Group Purchasing Industry Initiative was founded in 2005 as a non-profit 501(c)(6) organization by the chief executives of nine group purchasing organizations. The Initiative is a private, voluntary, non-partisan, non-profit organization, dedicated exclusively to transparency of business practices and the promotion of ethical conduct. The Initiative is not a trade organization and does not lobby on behalf of the industry. Despite the commonality in membership, HGPII is distinct from the Healthcare Supply Chain Association (HSCA), a Washington-based trade association, which represents GPO interests before Congress and federal agencies.

On May 13, 2005 the Healthcare Group Purchasing Industry Initiative held its first meeting in which chief executives of the founding member GPOs took steps to adopt a formal accountability process and establish several core purposes: the creation and adherence to a written code of business conduct that establishes high ethical values, sound business practices and a commitment to high quality healthcare and cost-effectiveness. The HGPII model established ten years ago emphasized fair, open and competitive contracting practices – free of conflicts of interest, any undue influences, and public transparency.

GPO members of the Initiative have agreed in writing to four obligations: (i) a pledge to follow the Initiative's six core ethical principles; (ii) to report annually on the GPO's business practices by responding to a *Public Accountability Questionnaire*; (iii) to participate with other

GPO representatives and other interested parties in the annual *Best Practices Forum*; and (iv) to share the cost of administration of the Initiative by its part-time staff.

Members of the Healthcare Group Purchasing Industry Initiative are committed to fostering the highest level of ethics and business practices, quality and cost-effective services, an open and competitive contracting process accountability to the public and broad participation in an annual *Best Practices Forum*. In the ten years since its creation, members of the Healthcare Group Purchasing Industry Initiative have agreed to develop and continuously improve their codes of conduct, promote ethical practices, and remain committed to self-governance – despite the differences among individual GPO business models. HGPII members commit to come together to share their best practices in implementing the highest ethical principles as part of the annual *Best Practices Forum* and submit answers to a lengthy questionnaire for independent review known as the *Public Accountability Questionnaire*.

The mission of HGPII has deepened in the last ten years, and the Initiative has added members to its ranks. Current HGPII members include Intalere (f.k.a Amerinet Inc.), Children’s Hospital Association, GNYHA Ventures, Inc., HealthTrust Purchasing Group, HPS, Innovatix, LLC, MedAssets, Inc., Premier, Inc., Texas Purchasing Coalition, Vizient, Inc (f.k.a. Novation, LLC) and Yankee Alliance. While HGPII is comprised of a small number of GPOs, it should be noted that member organizations represent a substantial percentage of total GPO participation. (See Appendix B for a complete list of HGPII Members.)

HGPII governance is managed by a Steering Committee made up of Chief Executive Officers from each GPO. After seven years of mindful leadership, Lee Perlman, President and CEO of GNYHA Ventures, Inc., stepped down as chairman of HGPII to become the chairman of the Healthcare Supply Chain Association. Jody Hatcher, President, Sourcing and Collaboration Services, of Vizient, Inc., has served as chairman of HGPII since January 2015. A Working Group made up of GPO executives, legal counsels, and purchasing staff work closely with HGPII to address emerging issues in the healthcare sector and coordinate HGPII events, including the *Best Practices Forum*. (See Appendix C for a list of current Steering Committee Members and Appendix D for a list of current Working Group Members.) Both of these committees convene as needed by teleconference to discuss issues initiated by the coordinators, member companies, federal policymakers, and stakeholders at large.

For the last four years, day-to-day coordination of HGPII activities has been managed by former U.S. Representative Philip S. English and former U.S. Senators Byron Dorgan and Robert Bennett, Senior Policy Advisors at Washington law firm, Arent Fox LLP. Mr. English represented Western Pennsylvania in Congress for seven terms and served on the Health Subcommittee of the House Ways and Means Committee. Mr. Dorgan served three terms in the U.S. Senate, and before that served 6 terms in the U.S. House of Representatives representing North Dakota. Mr. Bennett served three terms in the U.S. Senate representing Utah. All three coordinators were actively involved with health policy and legislation during their Congressional service. Collectively, the HGPII coordinators serve an advisory and coordination role, organize and facilitate the annual *Best Practices Forum*, and respond to external requests for information from Congress and federal agencies while maintaining objectivity and independence in overseeing the *HGPII Public Accountability Questionnaire*.

The fundamental commitments of members to the Initiative are enumerated in six principles. The Initiative conditions member participation on six principles, which are embodied in the Charter of the HGPII organization. (See Appendix A for a copy of the HGPII Charter.) The Initiative then tracks how the participating companies implement those principles through the *Public Accountability Questionnaire*, described later in this report. The six principles are:

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

Broad guidance on what constitutes an effective compliance program to prevent and detect criminal wrongdoing in U.S. organizations is provided by the U.S. Sentencing Commission, Chapter 8, “*Sentencing of Organizations*.” Chapter 8 is widely regarded as establishing the “gold” standard for effective organizational self-governance. The GPOs that constitute the Initiative have embraced this self-governance model in developing their individual internal controls, and the responses to the annual *Public Accountability Questionnaire* reflect implementation of that standard.

New Initiatives

Building on a ten year mandate to promote diversity within the healthcare supply chain, HGPII is expanding its focus on GPO diversity programs and aspiring to clarify and strengthen standards for encouraging the introduction of suppliers representing minority, women, and veteran ownership into the healthcare marketplace. In doing so, HGPII is reflecting an industry consensus emphasizing the benefits of a diversified supply chain and the desire of healthcare providers to leverage their spending to promote diversity.

The GPO industry has long recognized the competitive benefits of a diverse supply chain. HGPII has continuously included the presence of active and professional diversity programs as one of its existing standards and has reviewed member’s diversity efforts annually. HGPII has found that GPOs have actively promoted Tier 1 and Tier 2 supplier diversity and has noted that GPOs are actively tracking contract portfolio information in a manner that makes these benefits measurable. HGPII currently requires all members to maintain supplier diversity programs.

Group purchasing organizations are uniquely positioned to assist diversity suppliers in bringing their goods and services to the marketplace. Their accumulated expertise in leveraging benefits from the healthcare marketplace is strategic for identifying opportunities in the supply chain for qualified minority owned and nontraditional suppliers, and increases supplier diversity sales volume.

HGPII is well positioned to step into the role of tracking diversity initiatives and measuring outcomes. This will require an effort to set GPO industry standards, as well as defining the appropriate role of GPOs in providing customers with the opportunity to support

diversity as part of their purchasing practices. A task force of industry experts is currently developing a position that will provide HGPII with direction in shaping this oversight.

Separately, the Advisory Council has provided practitioners within the HGPII membership with a list of professional organizations dedicated to best practices. HGPII is encouraging participation in the annual seminar to join and engage in organizations which expose them to ethics training and current industry best practices.

Methodology

This report is the direct result of a detailed *Public Accountability Questionnaire* developed and continually expanded and refined over the ten years of HGPII's existence. The process represents a systematic survey of business practices and ethical standards within group purchasing organizations, and is used to assess operational policies and compliance efforts within the healthcare supply chain. Following the completion of a written questionnaire, GPOs were asked dozens of follow-up questions to clarify responses and provide greater detail regarding business practices. Two member companies were randomly selected for site visits by HGPII coordinators. These visits provided an opportunity to interact with company employees, review documents, and to make personal observations about the commitment to the HGPII initiative.

In order to maximize the accuracy of this survey and its utility for analysts and policy makers, the HGPII team adopted the following process to accomplish this project:

1. Each member organization of the Initiative is sent a detailed questionnaire, consisting of dozens of questions requiring a comprehensive outline of the provider's standards, business practices, employee activities, and enforcement of HGPII principles.
2. After all questionnaires are received, the HGPII Coordinator and the policy support team review the responses and match responses with referenced policies.
3. The questionnaire responses are posted on a "members only" section of the Initiative's website for review by each responder and for peer review by other members of the Initiative.

4. Every member of HGPII participates in, at minimum, an exit conference conducted by telephone to review and provide verification of elements of the questionnaires. In addition, to provide a deeper sampling, two member organizations are selected at random for site visits by the HGPII Coordinator with key personnel and management at their corporate headquarters.
5. Participating organizations may submit additional material to clarify and expand upon their questionnaire responses as the result of inquiries made at exit conferences.
6. All responses to the questionnaires and a profile of each Initiative member are posted, as provided, for public viewing to the Initiative website: www.healthcaregpoi.com to maximize transparency and public accountability.
7. Every year the questionnaire is reviewed as part of a mandatory seminar conducted at the HGPII *Best Practices Forum*, in which every HGPII member and signatory discusses key elements of the questionnaire and implications and improvements for the industry at large.
8. Each member of HGPII is given an opportunity to review this report in advance and to file any additional clarification or comments on the issues that are the subject of this survey. HGPII members may not make changes to the report. That is the role of the independent coordinators.

Findings and Analysis from the Public Accountability Questionnaire

For the tenth consecutive year, HGPII members participated in an external review of business practices known as the *Public Accountability Questionnaire*. Each HGPII group purchasing organization was sent a copy of a lengthy questionnaire and asked to disclose key areas of its business practices related to ethics, compliance, and contracting. New questions are added each year to monitor trends and additional areas for review. The questionnaire was completely overhauled in 2015 to streamline the most important issues identified by nearly a decade of oversight and to reflect changes in the healthcare supply chain. (See Appendix E for a

copy of the questionnaire.) Member GPOs were asked to complete the questionnaire by May 2015 so that responses could be reviewed by other HGPII members on the organization's website, and independently evaluated by the HGPII coordinators. Each of the eleven member GPOs provided responses to dozens of questions.

After extensive review and auditing of the *Public Accountability Questionnaire*, the HGPII coordinators made several determinations about the GPOs participating in the Initiative, as highlighted below:

Ethics and Gifts

GPOs participating in the Initiative look to one another to create policies and procedures that exceed requirements set forth in federal law, and other sectors of the healthcare industry. These standards emanate from all corners of the GPO's business, starting on the first day of an employee's job, through each potential interaction with a business partner, and by way of each contracting decision made with a supplier or distributor.

Corporate and senior-level employees, as well as direct contracting personnel are required to sign a conflict of interest policy, and, along with Board Members and Clinical Advisory members, are required to annually disclose and if necessary, divest in equity interest or a compensation agreements they or their family members have in vendor companies. As vendor lists are updated, they are circulated to employees for review.

Employees of HGPII GPOs are restricted to the level of gifts, entertainment or meals they can receive. Many GPOs report that employees, Directors and Officers in positions to influence contracting, may not accept anything of value from a business partner (e.g. manufacturers, suppliers and distributors). Most of the HGPII GPOs allow meals, gifts or entertainment of nominal value (generally in the range of \$50 per episode and \$100-\$200 per year) for a bona fide business purposes. Some GPOs that allow nominal items of value require employees to seek authorization prior to accepting meals or entertainment provided by business partners.

All GPOs report that gift policies exist to prevent the inducement, or perception of inducement by vendors. With this in mind, employees are often reminded that the best policy is for an employee to 'pay his own way.' In these cases, GPO executives interviewed indicated that employees wishing to attend functions where vendors will be present are usually able to seek reimbursement for these events. GPOs require their employees to report anything of value given to them from a vendor or contractor.

Reporting Ethical Violations

GPOs report that employees have multiple avenues for reporting potential ethical violations and questioning contracting or compliance policies. Employees have access to legal and compliance officers and human resource managers. They may also ask questions or make complaints anonymously through a 24-hour a day third-party hotline. Many GPOs maintain external auditors that monitor these hotlines with anonymous calls to ensure they are being responded to appropriately.

Code of Conduct

HGPII members are required to maintain a code of business ethics and conduct for their employees and governance boards. GPOs spell out in their Codes of Conduct company ethics policies, and circumstances that could result in termination. This year, each company provided HGPII coordinators with a written code of conduct as part of the *Public Accountability Questionnaire*, as well as electronic links to associated policies that are available to the public through each GPO's website. Each HGPII organization provides its employees with ethics training on its Code of Conduct upon joining the company, as well as regular (e.g. yearly) updates on these guiding policies. These programs are generally coordinated with internal Human Resources with participation of corporate counsel and compliance personnel. Employees are required to report suspected misconduct, free from reprisals. Our questionnaire and interview process once again found that organizations are rigorously enforcing their ethics policies when infractions are discovered.

GPOs in the Initiative regularly query an Advisory Panel of external ethicists on issues that are taken up in large discussions among participants. Members of the Advisory Panel have suggested that GPOs seek external validation for their ethics programs, and has recommended a number of organizations GPOs consider joining as resources for its own practices.

The Public Accountability Questionnaire indicates that many HGPII GPOs provide vendors with a Business Relationship Statement to communicate the expectations of supplier conduct. GPOs also anecdotally report that some of their vendors have adopted GPO codes of conduct and compliance policies to enhance the transparency of the supply chain industry.

Bid and Award Process

Participating GPOs have developed transparent bid and award processes that provide potential vendors with real-time information about contracting opportunities, bidding cycles and requirements. Contracting and award information for all of the HGPII GPOs is maintained on company websites and open for public inspection. The websites generally include requirements for specific products and services and minimum supplier criteria. Most HGPII GPOs have written policies and criteria that focus on quality, safety, cost-effectiveness, clinical impact, diversity and other areas.

Policies are designed to promote competitive procurement and are generally consistent with the Federal Competition in Contracting Act. GPO contract managers work closely with advisory committees to ensure compliance during contract negotiation, review process and communication of awards. GPOs report their contracting processes as ‘member-driven’ utilizing representatives of its membership to staff boards focused on a variety of clinical areas (e.g. radiology, nursing, surgical). More specialized items often require the formation of specialty committees.

Large GPOs maintain extensive catalogues of goods and services, though often offering local contracting solutions for specialized contracts or in certain markets. Other GPOs have affiliation agreements with larger GPOs to leverage a range of products and services from national product lines while maintaining more regionally focused contract opportunities. All GPOs permit their customers to communicate directly with vendors about products and service offerings and at any time may contract directly with a manufacturer or supplier for any product or service.

The *Public Accountability Questionnaire* and subsequent interviews indicate that GPOs rely on clinical advisory committees, peer-reviewed studies, clinical trials, which help inform contracting decisions. GPOs rely on both financial and non-financial data – such as a manufacturer’s ability to maintain production of its product and component parts, offer training and scale up if necessary – all factors that could impact the quality of care for patients.

GPOs report that the average contract terms for medical goods ranges from two to three years while some resource-intensive services such as clinical lab testing and large-scale capital equipment are often contracted for a longer periods of time to account for the infrastructure and

operational investment required for these services. Contract opportunities and related terms are advertised and publicly available on GPO websites for any interested party.

Administrative Fees

GPOs provide contracting services to healthcare providers, which are financed in part by administrative fees paid to GPOs when they purchase a product or service. The fee is paid only when a GPO's customer uses a GPO contract for that vendor's product or service. Vendors pay administrative fees to negotiate contracts for medical devices, products and services. This helps them avoid significant costs associated with individual negotiations with thousands of hospitals, in turn lowering overall healthcare costs. The overwhelming majority of GPO administrative fees are at or below the 3% level, though a small percentage of contracts for value added and support services, including telephone contracts and consulting services can be slightly higher.

The Medicare and Medicaid Patient Protection Act 1987 added a "Safe Harbor" provision to the Anti-Kickback statute to allow for fees paid by vendors to a GPO. In 1991, the Department of Health and Human Services promulgated regulations, reflecting Congress' intent to permit contract administration fees and provide the requirements for structuring and reporting on these transactions to comply with federal law.

The "Safe Harbor" provision requires that GPOs have a written agreement with each hospital or health care provider, that provides for either the vendor from which the hospital or health care provider will purchase goods or services will pay a fee to the GPO of 3 percent or less of the purchase price of the goods or services provided by that vendor or in the event the fee paid to the GPO is not fixed at 3 percent or less of the purchase price of the goods or services, the agreement specifies the exact percentage or amount of the fee. A percentage of administrative fees are often distributed as rebates to healthcare providers who are also required to report the amounts they receive on their Medicare cost reports.

The law also provides that a GPO annually disclose in writing to the healthcare provider, and the Secretary of Health and Human Services upon request, the amount received from each vendor with respect to purchases made by or on behalf of the hospital or health care provider. All HGPII GPOs have policies requiring them to report all administrative fees and contract details in writing. Likewise, each entity has indicated that it complies with statutory provisions regarding the reporting of administrative fees. Administrative fees are reviewed and reported by

a GPO's Board of Directors and/or its auditing and compliance committee, generally prior to the GPOs' finalizing and filing these reports.

HGPII GPOs report that the acceptance of sign-on bonuses, marketing fees, up-front lump-sum fees, vendor equity payments and partnership incentives paid prior to inception of a vendor contract are prohibited. Non-administrative fees are tracked through each organization's financial reporting system, and all GPOs indicate that they report all fees through their annual disclosure process.

Value-Added and Support Lines of Business

The greatest expansion of HGPII member offerings has been with value-added services that complement GPO services but fall outside the boundaries of catalog offerings. Some of the services HGPII GPOs report offering include: informatics and technology services (e.g. infection surveillance, clinical databases); pharmacy benefit management; drug dispensing tools; insurance management services; education, conference planning and training services; care planning and research; financial benchmarking and revenue cycle management. GPO trends indicate that nontraditional service lines will continue to be a growth area for the healthcare supply chain industry in an attempt to better meet the needs of its customers.

Bundling

HGPII coordinators continue to question GPOs about the use of bundling for healthcare products and services, especially in light of concerns raised about these practices. In written responses and as part of interviews, GPO executives report that bundling, especially for unlike items, is an unfavorable practice, and rarely used. GPOs report their reluctance to engage in contracts with manufacturers and distributors for bundled items, because of concerns that those vendor practices may result in less purchasing flexibility for the members and/or may group products in a manner that results in higher prices absent the favored item.

GPOs indicate some items may be paired at the direction of clinical advisory panels. For example, IV therapy, which includes a lab test kit and the test reading equipment at little or no cost. Infrequent circumstances of bundling like items in exchange for a discount were reported, however our review did not reveal situations in which GPOs bundle clinical preference items with non-preference items or disparate products and services across vendors.

Single or Sole Source Contracts

HGPII GPOs report that sole (or single) source contracts represent a small percentage of contracts awarded. Products awarded on a sole source basis occur most frequently when only a single sourcing option is available to treat the patient. Most often this is the case with pharmaceuticals that do not have a generic equivalent. Sole sourcing may also occur at the recommendation of a clinical advisory panel when one product provides a superior mechanism of action or platform. Less common, are instances when a vendor is willing to negotiate a price that creates maximum value for a GPO's customers. Since GPO purchasing is a voluntary activity, hospitals and other healthcare providers may purchase any good or service through distributors or directly from any manufacturer.

Innovation

GPO policies encourage product innovation and the contracting for new technology when appropriate. Manufacturers and suppliers with breakthrough products are eligible for contracts at any point during the year, according to all GPOs surveyed. Clinical advisory boards help bring technologies to the attention of contracting personnel, though written policies (about what defines an innovative product) guide contracting opportunities.

GPOs hold innovation expos for new inventors to share their products and make their case about product offerings. Any breakthrough technology can be evaluated and put on contract at any point during the year. It is worth noting that GPOs report that on average, only a handful of breakthrough products are approved each year.

Physician Preference Items

Spending on physician preference items (PPI) can account for a significant percentage of a hospital's supply costs. Items typically cited as PPI include knee, hip and spine implants, defibrillators and pacemakers. Physicians can have significant influence on hospital purchases for PPI, and as a result, hospitals are institutionally challenged to rein in costs as long as medical sales reps have access to surgeons in the operating room.

GPOs have a number of tools to help their institutional customers negotiate better contract opportunities by leveraging clinical and cost data. Most GPOs use multi-source contracts to negotiate physician preference items.

Diversity in Hiring and Contracting

As noted earlier in the report, HGPII members, as required in our charter, maintain active diversity programs. All HGPII members report that identifying greater numbers of women, minority, service and veteran businesses continues to be an important, but challenging contracting goal. The number and percentage of diverse contractors for the Initiative's GPOs has remained level from last year's figures, though GPOs report there are different ways of quantifying these figures.

GPOs that do business with academic medical schools and public institutions are often the most tuned into the importance of diversity contracts as these customers must account for diversity contracting when applying for government research grants. HGPII members report that they continue to solicit opportunities to build relationships and seek contracting opportunities with entities and look to organizations such as the National Minority Supplier Development Council, the Women's Business Enterprise National Council, and the Association for Service-Disabled Veterans for qualified businesses. One GPO has an initiative to recruit recent female and minority college graduates into its business units and partner hospitals, with the hope that promotional opportunities will increase diversity in the healthcare supply chain.

Vendor Grievance Procedures

The questionnaire and interviews confirm that each GPO has a vendor grievance policy in place that can be accessed directly through the organization's website. If a GPO receives a complaint from a vendor or bidder, these grievances are generally handled by a grievance panel or through compliance or legal officer, and typically resolved within a 30-90 day period. If a bidder does not receive a contract, and does not agree with the outcome of the decision, each GPO has indicated through the *Public Accountability Questionnaire* that a several step process exists to address the issue with the aggrieved party.

GPOs report very few complaints through its internal grievance process as contracting decisions are largely transparent, and afford losing bidders the opportunity to information about

the process. If the issue isn't resolved to the satisfaction of bidder or vendor, he/she may file a complaint for an independent evaluation with the American Arbitration Association in accordance with the grievance process established by HGPII. The Initiative did not receive any grievances during the 2014-2015 reporting period.

HGPII Activities for the Reporting Year (2014-2015)

Best Practices Forum

The Healthcare Group Purchasing Industry Initiative held its Tenth Annual *Best Practices Forum* on October 7 in Washington, D.C. The annual forum is an opportunity for executive, legal, compliance, and contracting representatives to come together for a day of discussions about the essence of what HGPII represents: the self-governance of GPOs and the ability of its senior leadership to explore situational ethics and business and contracting practices in an effort to share the best practices of the industry and Initiative's members.

As is typical, HGPII opens its doors to stakeholder groups and invites thought-leaders to lend remarks about topical issues that impact the healthcare supply chain at the federal level. In previous years, attendees of the *Best Practices Forum* have heard from Members of Congress and Committee staff, policymakers at the Centers for Medicaid & Medicare Services and representatives of medical device trade association, AdvaMed about healthcare reform and Medicare legislative and regulatory issues.

This year, economist Alex Brill of the American Enterprise Institute broke down Medicare data to address geographic spending disparities contributing to higher healthcare costs and utilization of healthcare procedures in certain parts of the country over others. Brill analyzed down Medicare pharmaceutical spending and the impact of government policies on how much the different components of the healthcare supply chain, including providers, pay for drugs.

HGPII GPOs continue to be extremely concerned with the inability to manage pharmaceutical supply for its customers. The impact of consolidation in the drug industry and a backlog in generic drug approvals is a continuing threat to access and cost. For an industry in the position of brokering products for customers, timely access to affordable drugs is an issue that challenges GPOs and is beyond the power of the supply chain industry to resolve alone.

Steering Panel Committee

As part of the *Best Practices Forum*, Coordinator Byron Dorgan moderated a Steering Panel Committee about policy issues of concern. GPOs executives spoke about the challenges of drug supply for providers and patients, expressing concern about the pace of regulatory approvals of drugs, and inability to control prices.

Dorgan asked GPO executives where they saw their industry going in the next 5 – 10 years, and GPO representatives indicated that data-driven services are the growth area for its customers because providers need outcome data to drive better value. GPOs have clinical and performance data that can help clinicians evaluate the efficacy and value of technology.

In response to a question about whether a federal effort to require providers to implement electronic health records has shown a return on investment, the general consensus expressed was that it electronic health records had yet shown themselves to successfully be able to mobilize information between physicians.

Diversity Panel

Three contracting officers responsible for diversity purchasing for HGPII GPOs talked about the challenges and opportunities they see in maintaining a diverse vendor network. GPOs are required to publish bid opportunities on their website. Public access to contracting information allows any vendor that meets minimum standards to compete for available contracting opportunities. GPOs are always looking for ways to increase diversity contracting opportunities that reflect the interests and opportunities for their customers who also want balance in contracting.

There are certain obvious challenges with increasing the volume of diversity dollars in contracting. For example, contracting with women or minority-owned companies isn't always possible in the biggest channels of trade, such as large-scale pharmaceutical and device manufacturers which are large publicly-traded companies.

There are a number of business challenges that impact small, diverse enterprises and prevent their long-term survival. One of those challenges is their ability to negotiate favorable payment terms with institutional providers who may be able (or willing) to pay vendors within thirty days. A hospital that needs to stretch payments to 90-120 days could pose obvious cash-flow challenges for a small business.

The panel began a discussion of better defining diversity contracting, so that HGPII could begin to better evaluate GPO efforts to identify contracts with minority vendors. Discussion about ‘pass-through’ contracts is a concern for GPOs. These arrangements boast a celebrity front man who seeks out minority contracts for companies that pay him an endorsement fee. HGPII members are interested in exploring this phenomenon as part of the Initiative’s diversity discussion.

Supplier Panel

HGPII invited vendors to participate in the *Best Practices Forum* to share issues that are important to their businesses, such as product development and sourcing. A representative panel of small and large suppliers and vendors spoke about the lessons they learned in getting their products distributed and sold through the supply chain. They spoke extensively about the opportunities and challenges to reach customers and source their products. The panel unanimously agreed that working with GPOs was a cost-effective way to reach hundreds of providers that would ordinarily be out of reach on an individual basis.

Advisory Panel

Each year, HGPII solicits the views of nationally recognized experts in the field of ethics and asks them to serve as independent experts on HGPII’s Advisory Council. Dr. Michael Hoffman, Executive Director of the Center for Business Ethics and Hieken Professor of Business and Professional Ethics at Bentley University, and Jacqueline Brevard, Senior Advisor to GEC Risk Advisory LLC, explored a number of ethics and compliance issues, and what it means for a GPO to have a culture of ethics.

“An organization seeking a culture of ethics,” Brevard said, “should have accountability. It should be safe to speak up. There should be employee engagement, and procedural justice.” Brevard talked about holding people accountable for “the little things.”

Independent Supplier Grievance Review Process

HGPII maintains a grievance review process for vendors who believe they have a legitimate complaint with the method or outcome by which any GPO has conducted its bidding process or awarded a contract. HGPII GPOs are required to participate in the grievance review process and provide information about it on their website. In the event the Coordinator believes that a GPO has failed in a material and serious degree to observe the HGPII principles, or has engaged in conduct materially and seriously prejudicial to the interest of the Initiative, the Coordinator shall review and discuss such complaints with the GPO and take action as necessary pursuant to the HGPII bylaws.

While a GPO is not bound by the decision, the process requires that a review be undertaken. If the HGPII Coordinator finds in favor of the supplier, the GPO has three options: rebid, award the contract or take the matter back to a set of member (i.e. hospital) experts for review. It is at the discretion of the Coordinator to remove a GPO from HGPII for non-compliance. The Supplier Grievance Review Process is administrative in nature, and is not a substitute for litigation, which is the right of any aggrieved party. During this reporting period, HGPII did not receive any requests through the Independent Supplier Grievance Review Process. (See Appendix H for the HGPII Independent Evaluation.)

Website

HGPII has maintained an open and active web presence detailing its work. The website has yielded inquiries from government agencies, vendors, and the general public and has provided an opportunity to foster GPO member communication about best practices. Various HGPII materials can be found on the website, including the HGPII Charter, HGPII Principles, contact information for each member GPO, and the current responses to the HGPII Public Accountability Questionnaire. Our website is located at www.healthcaregpoi.com.

Conclusion

In the ten years since the establishment of the Healthcare Group Purchasing Industry Initiative there have been substantial changes in the healthcare landscape – including Medicare payment reforms, the implementation of electronic health records, the creation of Accountable Care Organizations, Medicaid expansion, and the creation of State Health Exchanges – to name just a few.

In this dynamic landscape, HGPII continues to apply industry-wide standards and advocate for a transparent marketplace. The initiative seeks to set a standard for industry self-regulation with a nimble response to new and developing issues. Above all it aspires to create a platform for competitors and policy makers to promote best practices and avoid abuses in group purchasing.

Through all of these many federally initiated market and delivery changes, the GPO industry has continued to provide hospitals and other healthcare providers with goods and services that demonstrate value and lower costs.

For further information about this report, or HGPII policies, please contact Philip S. English, HGPII Coordinator or Laura Doyle at (202) 857-6343 or laura.doyle@arentfox.com.

Appendix A

HGPII Charter

Description

The Healthcare Group Purchasing Industry Initiative ("HGPII") was established in 2005 by major healthcare group purchasing organizations who pledged to adopt and implement a set of principles of business ethics and conduct that acknowledge and express their responsibilities to the public and to government entities which fund healthcare services in the United States.

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

By joining the Healthcare Group Purchasing Industry Initiative, member organizations pledge both to follow a set of Core Principles and to participate in an ongoing dialogue with other GPOs and with various organizations, including the Department of Health and Human Services, regarding the most effective policies and procedures for implementing these Principles.

The Principles

The Healthcare Group Purchasing Industry Initiative Principles are:

- 1) Each Signatory shall have and adhere to a written code of business conduct. The code establishes high ethical values and sound business practices for the Signatory's group purchasing organization.

- 2) Each Signatory shall train all within the organization as to their personal responsibilities under the code.

- 3) Each Signatory commits itself to work toward the twin goals of high quality healthcare and cost effectiveness.
- 4) Each Signatory commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.
- 5) Each Signatory shall have the responsibility to each other to share their best practices in implementing the Principles; each Signatory shall participate in an annual Best Practices Forum.
- 6) Each Signatory, through its participation in this Initiative, shall be accountable to the public.

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

Annual Public Accountability Questionnaire

On an annual basis, each Signatory organization files a report with the Initiative Coordinator responding to the questions in the Annual *Public Accountability Questionnaire*. These reports will be available to the public, and will be used by the Initiative Coordinator to compile a summary report on the adherence of Signatories to the Principles and a report on evolving Best Practices in fulfillment of the Principles.

Organization

The Healthcare Group Purchasing Industry Initiative consists of a Steering Committee, a Working Group, and an Initiative Coordinator.

The *Steering Committee*, consisting of the CEOs of all Signatory organizations, shall set policies for the Healthcare Group Purchasing Industry Initiative, upon recommendation of the Working Group. (As the Initiative grows in membership, the membership of the Steering Committee and

Working Group may be limited to a representative group.)

The *Working Group*, consisting of one designee from each Signatory organization, shall be responsible for the continuing activities of the Healthcare Group Purchasing Industry Initiative, shall determine the annual assessment for each Signatory organization, commensurate with the Signatory's annual revenues, to fund the expenses of the Healthcare Group Purchasing Industry Initiative.

The *Initiative Coordinator* shall be the day to day operating officer of the organization, planning and conducting meetings, including the annual *Best Practices Forum*, receiving and tabulating the annual *Public Accountability Questionnaires*, and preparing an annual report on the adherence of Signatories to the Principles and trends in Best Practices.

The Coordinator will review the annual questionnaires for responsiveness, completeness, and accuracy, following up with participating organizations to recommend remedial action. The Coordinator will also make recommendations to the Working Group and the Steering Committee regarding the continued participation of organizations that do not take adequate remedial action.

Membership

Membership in the Healthcare Group Purchasing Industry Initiative is open to any healthcare group purchasing organization, including those entities in which group purchasing is only one of many activities of the organization. At the time of joining, members must pledge to follow the Principles, to file the *Public Accountability Questionnaire* annually, and to participate in the annual Best Practice Forum.

The Healthcare Group Purchasing Industry Initiative does not anticipate refusing any good faith membership application or renewals, but does reserve the right to refuse or suspend membership privileges for cause.

Appendix B
List of Member Organizations and Contacts

Intalere (formerly Amerinet, Inc.)
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St. Louis, MO 63141
Phone: (800) 388-2638
www.intalere.com

Children's Hospital Association
ATTN: Jennifer Gedney
6803 W. 64th Street, Suite 208
Shawnee Mission, KS 66202
Phone: (913) 262-1436
www.childrenshospitals.org

GNYHA Ventures, Inc.
ATTN: Lee Perlman
555 West 57th St,
Suite 1500
New York, NY 10019
Phone: (212) 246-7100
www.gnyhaventures.com

Healthtrust Purchasing Group
ATTN: Edward Jones
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Suite 400
Brentwood, Tennessee 37027

Phone: (615) 344-3000
www.healthtrustpg.com

HPS
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P.O. Box 247
Middleville, MI 49333
Phone: (800) 632-4572
www.hpsnet.com

Innovatix, LLC
ATTN: John Sganga
75 Ninth Avenue
2nd Floor
New York, NY 10011
Phone: (888) 258-3273
www.innovatix.com

Premier, Inc
ATTN: Mike Alkire
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Phone: (877) 777.1552
www.premierinc.com

Texas Purchasing Coalition
ATTN: Geoffrey Brenner
7160 Dallas Parkway
Suite 600
Plano, TX 75024
Phone: (469) 366.2100
www.tpselect.com

Vizient, Inc. (including MedAssets)
ATTN: Jody Hatcher
290 East John Carpenter Fwy
Irving, TX 75062
Phone: (972) 581.5000
www.vizientinc.com

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Appendix C
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Email: Brent.Johnson@intalere.com

Appendix D
WORKING GROUP MEMBERS

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¹ Now Vizient as of 2016

Appendix E
2014 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2014.

Please return your response to amy.demske@arentfox.com no later than May 15, 2015.

OWNERSHIP AND ORGANIZATIONAL STRUCTURE

1. Describe the ownership structure of your GPO and/or its parent or affiliated companies, including details regarding the following:
 - Person(s) or entit(ies) that control the majority of voting interests in your GPO;
 - The types of equity holders of your GPO (e.g., publicly-held company, healthcare providers, individuals, for-profit and/or not-for-profit entities);
 - The corporate form of your GPO and/or its parent or affiliated companies – such as corporation, partnership, limited liability company, co-op;
 - Whether the GPO is organized as a for-profit or not-for-profit organization; and
 - Location of corporate headquarters.

2. Describe the composition of your Board of Directors or other governing body and reflect any changes from the previous HGPII reporting year. Include the following in your response:
 - Number of individuals serving on your Board;
 - Percentage of Board representing GPO customers;
 - Percentage of Board that are employees of the GPO; and
 - Percentage of Board members also serving as employees, officers, or directors of a participating vendor.

3. Indicate whether any equity holder of your GPO and/or its parent or affiliated companies is a physician (or an immediate family member of a physician).

CONFLICT OF INTEREST

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

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

5. Describe actions the GPO takes to avoid conflict of interest issues for members of the Board of Directors (e.g. disclosure and/or prevention of equity investments in

participating vendor relationships and acceptance of gifts/meals/travel/entertainment paid for by vendors.)

6. Describe the GPO's policies and procedures that address activities, including other lines of business of the GPO and/or its affiliates (including non GPO services and strategic investments) that might constitute conflicts of interest to the independence of its purchasing activity.¹

OTHER LINES OF BUSINESS

7. Describe other lines of business or investments of the GPO and its affiliates. We are interested in hearing about new as well as nontraditional GPO services that your company and its affiliates are involved with.
8. What policies or guidelines does the GPO have to address potential conflicts of interest with regard to other lines of business engaged in by the GPO and/or its parent or affiliated companies?

MONIES FROM VENDORS

9. Describe the GPO's policy with respect to the receipt of sponsorship funds, grants for research or other educational programs, or any other source of non-administrative fee revenue from vendors. What policies does the GPO have to guard against any potential conflict of interest relating to such payments?
10. Does the GPO and/or its parent or affiliated companies accept vendor fees relating to conference sponsorship or exhibit booth space? What policies does the GPO have to guard against a potential conflict of interest relating to vendor participation in industry trade shows, and donations in general?
11. Describe any services or products the GPO or its affiliates provide to vendors on a fee-for-service basis (e.g. data, claims processing, etc.).
12. Does the GPO make annual disclosures of administrative fees received from vendors for contracting activities with respect to the member's purchase of products and services (e.g. safe harbor reports)? If this document is publicly available, provide an electronic link to this information.
13. Does the GPO disclose to members all payments other than administrative fees the GPO receives from any vendor in the course of the GPO's group purchasing activities (e.g. booth space, educational grants, marketing fees, honoraria, etc.) whether from the purchasing activity of those members or not? Describe your disclosure practices.
14. Describe the GPO's policy with respect to returning administrative fees to an ineligible vendor.

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

MEMBER FEES

15. Does the GPO pay fees or offer equity to members upon the signing or re-signing of a participation agreement with the GPO or the joining or renewal of membership in the GPO program?

BID AND AWARD/CONTRACTING ISSUES

16. Does the GPO have a publicly-available description of its bid and award process? If so, provide a link and written description of your bid and award process. If not, describe how it may be obtained.
17. Describe the GPO's requirements for how products or services are published so they are accessible to potential vendors. If a bidder is not awarded a contract, is that bidder able to review the decision criteria used to evaluate the bid? Include in your response a general description of the GPO's criteria for vendor selection.
18. Describe the GPO's policy with regard to the use of single, sole, dual, and multi-source procurement and provide an example or two to support use of these contracting tools.
19. Does the GPO permit bundling of unrelated products or services from the same vendor or from different vendors? If so, under what circumstances would the GPO consider bundling to be appropriate?
20. Describe the process for contracting for clinical preference items. Describe the GPO's policy guiding the appropriate length/term of contracts for clinical preference products.

ADMINISTRATIVE FEES

21. What is the GPO's practice regarding the amount of administrative fees accepted? If there is a written policy, please provide an electronic link or copy of the GPO's policy regarding these fees.
22. Describe the conditions in which the GPO accepts administrative fees beyond 3 percent, requiring specific (not blanket) disclosure under the Federal Regulatory Safe Harbor provisions?
23. Describe the range of administrative fees accepted and examples of the types of contracts (without specifying specific proprietary information) that have administrative fees greater than 3 percent.

PRIVATE LABEL PROGRAMS

24. Describe whether the GPO has a private label program and if so, describe the products the private label program covers.
25. Describe the GPO's practice regarding administrative fees derived from a private label program.

VENDOR GRIEVANCE PROCESS

26. Describe the GPO's policy and process with respect to responding to a vendor's grievance regarding the bid/award process.
27. Did any supplier, since submission of the last GPO's Public Accountability Questionnaire, request an evaluation pursuant to the HGPII Independent Evaluation Process? If so, please provide information regarding the outcome of such evaluation.
28. Does the GPO participate in HGPII's Independent Evaluation Process?
29. Is the HGPII Independent Evaluation Process displayed on the GPO's public website? If so, please provide an electronic link to this information.

INNOVATION

30. Describe the GPO's policy and process to evaluate and provide opportunities to contract for innovative products and services.
31. Does the GPO have the right to enter into a GPO contract for innovative technology at any time during its bid and award cycle? Describe the process the GPO has for fostering the development of GPO contracts for innovative products.
32. Are GPO members allowed to evaluate products and/or communicate with vendors, regardless of whether a vendor has a contract with the GPO?
33. Are GPO members allowed to purchase non-contracted products or services directly from non-participating vendors?

VENDOR DIVERSITY PROGRAMS

34. Describe the GPO's program or activities that encourage contracting with small, women-owned and minority-owned and veteran-owned businesses.
35. Has the GPO increased contracting with small, women-owned, minority-owned and veteran-owned businesses over the prior year? If so, quantify these increases in terms of the number of contracted vendors and volume of sales through such vendors in each category.

CODE OF CONDUCT

36. Provide a copy of (as well as an electronic link to) your GPO's written code of business ethics and conduct and describe any changes from the previous HGPII reporting year.
37. Describe whether and in what manner the GPO distributes its written code of business ethics and conduct to all applicable employees, agents, contractors, clinical advisory committees, and others involved in group purchasing activity. How often is the code of

conduct provided to employees? Do employees receive annual refresher training on the GPO's ethics and the code of conduct? Describe the content of the training and the method of delivery.

38. Describe the mechanism (e.g., a corporate review board, ombudsman, corporate compliance or ethics officer) for employees to report possible violations of the written code of business ethics and conduct to someone other than one's direct supervisor, if necessary.

REPORTING POTENTIAL ETHICAL VIOLATIONS

39. What process is used to protect the confidentiality of the reporting employee's identity and what safeguards are in place to mitigate the opportunities for retaliation?
40. Describe how the GPO follows up on reports of suspected violations of the code of business ethics and conduct to determine if a violation has occurred and if so, who was responsible. Describe corrective and other actions taken in such circumstances.
41. Describe the processes the GPO follows up on, to monitor on a continuing basis, adherence to the written code of business ethics and conduct, and compliance with applicable federal laws.
42. Are periodic reports on the GPO's ethics and compliance program made to the GPO's Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported? Are periodic reports on the company's participation in HGPII made to the GPOs Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported.
43. How many of your GPO employees attended the Best Practices Forum in 2014? Include the name of the most senior executive who attended.
44. List the name, title and contact information of the senior manager assigned responsibility to oversee the business ethics and conduct program. Provide the name, title and contact information for the individual(s) responsible for responding to this report.

Appendix F

2015 BEST PRACTICES FORUM

Wednesday, October 7th 2015

Arent Fox LLP, 1717 K Street NW, Washington, DC 20006

Contacts

Phil English: (814) 897-5221 // Amy Demske: (301)-655-9703 // Hope Morris: (814) 331-1027

12:15 PM–12:30 PM Registration & Lunch

Multipurpose Room

Hope Morris, *HGPII Assistant*

Registration will take place on the third floor outside the Multipurpose Room.

12:30 PM–12:45 PM Welcome Remarks

Multipurpose Room

Jody Hatcher, *Chairman, HGPII Steering Committee*

12:45 PM–1:15 PM Keynote Speaker

Multipurpose Room

Introduction: Phil English, *HGPII Coordinator*

Speaker:

Alex Brill

CEO, Matrix Global Advisors (MGA)

Research Fellow at the American Enterprise Institute (AEI)

1:15 PM–2:00 PM Steering Committee Panel

Multipurpose Room

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

Panelists:

GPO executives will discuss current matters of interest to HGPII and respond to questions from attendees.

2:00 PM–2:45 PM Diversity Panel

Multipurpose Room

Moderator: Lee Perlman, *President, GNYHA Ventures Inc. and Executive Vice President, Administration & CFO, Greater New York Hospital Association*

Panelists:

Mark Cartwright, *Sr. Director of Supplier Diversity, Novation*

Jeff Ashkenase, *Senior Vice President GNYHA Services, Inc. and Senior Vice President, Nexera, Inc.*

Deborah Williams, *Sr. Director, Supplier Diversity, Premier*

2:45 PM–3:00 PM
Multipurpose Room

Break & Networking

Snacks provided in the Multipurpose Room

3:00 PM–3:45 PM
Multipurpose Room

Supplier Panel

Moderator: Phil English, *HGPPII Coordinator*

Panelists:

Tom Finucane, *Group VP, Enterprise Contracting, Cardinal Health*

Greg Zenko, *Vice President of Sales and Marketing, Linet Americas*

Maryann Restino, *Group Vice President, Health Systems, BD/CareFusion*

Gene Tierney, *VP, Corporate Accounts, WL Gore*

Jeff Feuer, *President & CEO, Prescient Logistics, d/b/a REPSCRUBS*

3:45PM–4:30 PM
Multipurpose Room

HGPPII Advisory Council Presentation and Discussion

Moderator: Phil English, *HGPPII Coordinator*

Topic: Ethics Issues for Best Practices Checklist

Advisory Council Members:

Dr. Michael Hoffman, *Executive Director, Center for Business Ethics, and Hieken Professor of Business and Professional Ethics, Bentley University*

Ms. Jacqueline Brevard, *Senior Advisor, GEC Risk Advisory LLC*

Mr. William O'Rourke, *Retired Alcoa Vice President, Fellow, Wheatley Institute, Brigham Young University (not present)*

4:30 PM–4:45 PM
Multipurpose Room

Closing Remarks

Phil English, *HGPPII Coordinator*

Appendix G
List of 2015 Best Practices Forum Attendees and Speakers

First	Last	Company
Amy	Andrade	Yankee Alliance
Robert	Arreola	HealthTrust
Jeff	Ashkenase	GNYHA
David	Berry	VHA
Angie	Boliver	Novation
Geoff	Brenner	TPC
Jacqueline	Brevard	GEC Risk Advisory LLC
Mark	Cartwright	Novation
Daniel	Chakrin	GNYHA Ventures, Inc.
Blair	Childs	Premier
Chris	Coldicutt	TPC
Amanda	Cook	Children's Hospital Association
Cathy	Denning	Novation
Todd	Ebert	HSCA
Lynn	Egan	HealthTrust
Doreen	Farthing	HealthTrust
Jeff	Feuer	Prescient Logistics, d/b/a REPS CRUBS
Tom	Finucane	Cardinal Health
Kate	Garth	MedAssets
Jennifer	Gedney	Children's Hospital Association
Durrall	Gilbert	Premier Inc.
Ed	Goodman	VHA
Jody	Hatcher	Novation
Michael	Hoffman	Bentley University
Caleb	Jameson	MedAssets
Rick	Jones	HPS
Robert	Karcher	GNYHA Services, Inc.
TK	Khen	TPC
Tom	LaPres	HPS
William	Larkin	GNYHA Services
Lori	Levinson	GNYHA Ventures, Inc.
Mike	Maguire	Premier
Paul	Manganella	Linnet Americas
Bryant	Mangum	Premier healthcare alliance
Bryant	Mangum	Premier healthcare alliance
Jim	Marziale	Amerinet, Inc.
Chris	McDown	Novation
Christopher	O'Connor	GNYHA Services/Nexera Inc.
Bill	O'Rourke	Beard Institute, Duquesne University
Gary	Pack	HealthTrust
Lee	Perlman	GNYHA Ventures
Mark	Phalen	TPC

Lori	Pilla	Amerinet, Inc.
Michelle	Pleiness	HPS
Cynthia	Radford	Innovatix
Margaret	Reagan	Premier
Maryann	Restino	BD/CareFusion
Colleen	Risk	VHA
Brian	Romig	Novation
Wayne	Russell	Premier
Alan	Sauber	Premier, Inc.
John	Sganga	Innovatix
Cathy	Spinney	Yankee Alliance
Justin	Thompson	MedAssets
Gene	Tierney	WL Gore
Rodney	Waller	VHA
Phil	Wellington	Premier
Glenn	Wexler	GNYHA Ventures, Inc.
Deborah	Williams	Premier Inc.
Stacey	Winston	Amerinet, Inc
Aisling	Zaccarelli	GNYHA Ventures, Inc.
Greg	Zenko	Linnet Americas

Appendix H

HGPPII INDEPENDENT EVALUATION

PURPOSE

HGPPII and its member GPOs promote the use of competitive contracting processes to maximize value and quality to GPO Members in a way that insures all Vendors are treated in a fair and unbiased manner. (The contracting processes utilized by each individual GPO to competitively solicit proposals from and award contracts to Vendors or to evaluate New Technology submissions from and award New Technology contracts to Vendors is referred to as the “GPO Contract Process”.) In order to provide Vendors with a forum to voice complaints regarding award decisions, each GPO, as a condition of its membership in HGPPII, has agreed to participate in a two step review process. The first step is a formal, published process established by each GPO to review Vendor concerns (the “GPO Grievance Process”).

Although individual GPO Grievance Processes vary, each is designed to provide Vendors with an understanding of the bid process, foster respect for member decision making, and provide an opportunity for Vendors to raise discrepancies that might have occurred during the process. In the vast majority of instances, this process will be sufficient to address a Vendor’s concerns. Where a Vendor continues to have concerns, a Vendor may request an independent and unbiased third party evaluation through the HGPPII Independent Evaluation (HGPPII Evaluation).

It is important to note the HGPPII Evaluation is not intended to resolve contractual disputes or review clinical evaluations or other decisions that are the purview of a GPO Member Council. Because GPO Members are both the final decision makers and the ultimate purchasers of product, actions taken pursuant to a HGPPII Evaluation outcome may be subject to review and final approval by a Member Council. (Vendors should review each GPO Vendor Grievance Process and/or code of conduct for information regarding Member Council review.)

INDEPENDENCY OF HGPPII EVALUATION

In order to facilitate the HGPPII Evaluation and insure independency, HGPPII utilizes the services of the American Arbitration Association® (“AAA”), an organization that provides alternative dispute resolution services. A Neutral is chosen by AAA from a list of neutral experts maintained by AAA. The Neutral evaluates the issues in dispute and provides an unbiased opinion. By following the process outlined herein and utilizing neutral experts vetted and selected by AAA, the Vendor is assured a fully independent review.¹

¹ For more information about AAA, see www.adr.org.

SCOPE OF HGPII EVALUATION

The role of the Neutral is to review Vendor complaints and provide an evaluation as to whether the Vendor failed to receive an award as a result of a failure of the GPO to follow principles of the applicable GPO Contract Process. The Neutral may make recommendations regarding a GPO Contract Process, applying a reasonable business standard. The Neutral will not review business decisions or decisions that are the purview of a Member Council, such as clinical evaluations or scoring. Further, the Neutral shall have no authority to provide an evaluation regarding the legality of a GPO Contract Process or GPO Grievance Process.

The HGPII Evaluation is available for vendor complaints associated with awards for GPO national contracts. Bids or New Technology submissions conducted and/or reviewed by a GPO at the request of and exclusively for an individual hospital or a distinct group of identifiable hospitals are conducted pursuant to criteria and processes that are established and overseen by such hospital or group. Accordingly, such processes and awards are not subject to review through the HGPII Evaluation.

All HGPII member GPOs have agreed to participate in the HGPII Evaluation. HGPII will facilitate requests for HGPII Evaluation brought against a non-HGPII member provided such GPO has also agreed to participate.

TYPES OF VENDOR COMPLAINTS ELIGIBLE FOR REVIEW

Pre-award – Occurs when a Vendor has been informed prior to a contract award announcement that it will not receive an award relative to a competitively-bid RFP (e.g., the vendor failed to meet minimum bid requirements).

Post-award – Occurs when a Vendor is informed concurrently with or after the award announcement that it will not receive an award.

New Technology – Occurs when a Vendor is denied a contract award following submission of a request for a contract award for New Technology.

PROCESS FOR HGPII EVALUATION

1. Prior to initiating a HGPII Evaluation, the Vendor must first submit its complaint to and complete the GPO's formal, published grievance process ("GPO Grievance Process").
2. Within five business days following receipt of the decision rendered by the GPO as a result of the GPO Grievance Process, the Vendor shall send to AAA (with a copy each to the HGPII Coordinator and to the applicable GPO's ethics and compliance officer) the following information:
 - o The Vendor's executed agreement relative to HGPII Evaluation in the form attached;
 - o The names, addresses and telephone numbers of the parties and their representatives;
 - o A copy of the decision rendered by the GPO at the conclusion of its formal grievance process;
 - o An executed Confidentiality Agreement
 - o The case setup fees as set out below.
3. The HGPII Evaluation will be conducted pursuant to the rules of the HGPII Evaluation process and the AAA's Early Neutral Evaluation Procedures.
4. AAA will facilitate communication among the parties, insure that AAA is in possession of all necessary documentation, and provide other assistance as necessary to facilitate the prompt conclusion of the HGPII Evaluation.
5. AAA will select a single Neutral, and will provide biographical information on the proposed Neutral to the parties.

No person shall serve as a Neutral in any dispute in which that person has any financial or personal interest in the result of the HGPII Evaluation, except by the written consent of all parties. Prior to accepting an appointment, the prospective Neutral shall disclose any circumstance likely to create a presumption of bias or prevent a prompt meeting with the parties. Upon receipt of such information, AAA shall either replace the Neutral or immediately communicate the information to the parties for their comments. In the event that a party objects to the Neutral or the appointed Neutral is unable to serve promptly, AAA will appoint another Neutral.

The Neutral will work with the parties in setting forth an appropriate schedule for exchanging initial written statements and submitting those to the Neutral. The initial statement shall describe the substance of the complaint, the parties' view of the issues, key evidence and any other information that may be useful to the Neutral. The GPO shall also provide to the Neutral any assertions of Disqualifying Factors, as set out below. The Neutral and the parties will decide on the length and extent of the initial written statements. Each party shall provide

copies of its initial written statement and Disqualifying Factors, if any, to the other party. The parties may mutually agree to have the Neutral make a determination based on their written submission.

6. Prior to the start of an Evaluation Session the Neutral shall review the assertions of Disqualifying Factors and may, based on the written submissions, make a determination that a Disqualifying Factor exists, in which event no further review by the Neutral will take place. The Vendor may, at its discretion, submit to the Neutral its written response in opposition to the GPO's assertion of Disqualifying Factors, which shall be taken into consideration by the Neutral in making a determination. The Neutral may, at his/her discretion, refrain from making an initial determination of Disqualifying Factors, but continue to take the GPO's assertion of Disqualifying Factors into consideration throughout the process. If at any time during the process the Neutral determines that a Disqualifying Factor exists, the Neutral shall advise the parties of such determination, at which point the HGPII Evaluation shall be deemed concluded. Notwithstanding a determination of a Disqualifying Factor, the Neutral may, in his/her sole discretion, make recommendations, utilizing a reasonable business standard, regarding the GPO Contract Process or GPO Grievance Process.
7. An in person Evaluation Session with the Neutral is preferred; however, the parties may meet with the Neutral by teleconference or videoconference upon the mutual agreement of the parties. The Neutral shall facilitate communication amongst the parties to identify a convenient location for the in person Evaluation Session or teleconference or videoconference. Such Evaluation Session shall be scheduled at an agreed upon time and place, each party to bear its own travel and other costs. At such meeting, teleconference, or videoconference, each party will verbally and through documents or other media present its claims or defenses and describe the principal evidence on which they are based. The Evaluation Session is informal and the rules of evidence do not apply. Each party shall have in attendance throughout the Evaluation Session a representative with settlement authority. There is no formal examination or cross-examination of witnesses and the presentations and discussions will not be recorded.
8. Unless the parties and Neutral agree to another timeline, a written evaluation will be rendered within five business days after the conclusion of the proceedings and no later than 60 calendar days following AAA's receipt of the request for a HGPII Evaluation. The Neutral may also present his/her HGPII Evaluation verbally upon the consent of both the request of any party. After the receipt of the HGPII Evaluation, the parties can make further inquiry about issues and points made in the evaluation.

TIMELINES

The timelines established within the HGPII Evaluation process are designed to insure a prompt and expedient resolution of the complaint.

CONFIDENTIALITY OF HGPII EVALUATION

Neither the Neutral, the Coordinator, nor any party hereto shall divulge confidential information disclosed to them by the parties or by witnesses in the course of the HGPII Evaluation. All records, reports or other documents received by the Neutral while serving in that capacity shall be confidential.

Neither the Neutral nor the Coordinator shall be compelled to divulge such records or to testify in regard to the HGPII Evaluation in any adversary proceeding or judicial forum. Notwithstanding the above, the Neutral and the Coordinator may make available information related to a HGPII Evaluation, including a copy of the Neutral's evaluation, pursuant to the request or inquiry of a duly authorized governmental body, provided that prior notice is provided to each party whose documents/information is being requested along with a copy of the specific materials that are to be disclosed, and provided further that confidentiality is requested for the materials being disclosed.

The parties shall maintain the confidentiality of the HGPII Evaluation and shall not rely on or introduce as evidence in any arbitral, judicial or other proceeding:

- Views expressed or suggestions made by another party with respect to a possible settlement of the dispute which takes place during the HGPII Evaluation;
- Admissions made by another party in the course of the HGPII Evaluation proceedings;
- Proposals made or views expressed by the Neutral; or
- The fact that another party had or had not indicated willingness to accept a proposal for settlement made by the Neutral.

APPLICATIONS TO COURT AND LIMITATION OF LIABILITY

Neither HGPII, AAA, nor any Neutral is a necessary party in judicial proceedings relating to the subject of the Evaluation. Neither HGPII, AAA, nor any Neutral shall be liable to any party for any act or omission in connection with any HGPII Evaluation.

DISQUALIFYING FACTORS OF A HGPII EVALUATION

The following Disqualifying Factors shall be taken into consideration by the Neutral, as set out herein:

- Complaints that are general in nature and do not state a specific failure to adhere to the GPO Contract Process.
- An allegation that the GPO Contract Process or award decision is in violation of law, is inadequate or otherwise inappropriate. Allegations of this nature should be brought to the attention of the Coordinator.
- A failure by the Vendor to submit a response to a RFP (or other required documentation) by the deadline specified in the RFP instructions, or other failures to satisfy procedural or minimum requirements, including but not limited to a failure of the parties to reach mutually agreeable contract terms.
- Failure of a Vendor to meet established time lines for filing a request for HGPII Evaluation (as set forth above).
- Any complaint related to a request for a New Technology award where Vendor failed to respond to a previous RFP for that product which met the description of the Vendor's product and the Vendor's product was being marketed by the Vendor at the time of the RFP.
- The Vendor has failed to cooperate with the Neutral during the HGPII Evaluation, including without limitation the failure to provide requested information in a timely manner.
- The Vendor failed to complete the GPO Grievance Process.
- Any complaint relative to a RFP and/or award that already has been the subject of a HGPII Evaluation in relation to the same Vendor.
- Complaints related to award decisions or other actions associated with the RFP that are the subject of litigation. If, during the course of the HGPII Evaluation process, either party files suit against the other, then the HGPII Evaluation shall immediately cease and all submitted materials will be immediately returned to the submitting party.

OUTCOMES

The HGPII Evaluation is designed to provide a Vendor with an independent evaluation of its complaint. The evaluation shall reflect the Neutral's opinion regarding the Vendor's response to the RFP and the GPO's review and evaluation of such response in relation to the underlying RFP, the GPO Contract Process, and the GPO Grievance Process. The Neutral will not, however, provide any opinion relative to decisions reached by a Member or Member Council in connection with the applicable RFP. In addition, the Neutral may, in his/her discretion, provide recommendations regarding the GPO Contract Process and/or the GPO Grievance Process.

In the event the Neutral issues an opinion that (i) the GPO Contract Process was not followed AND (ii) as a result of not following the GPO Contract Process the Vendor was denied a contract award, then the GPO shall, subject to the individual GPO Contract Process, either (x) award a contract to the Vendor, (y) bid or re-bid the product or product category, (z) or submit the HGPII Evaluation to the appropriate GPO Member Council for reevaluation of the award decision, taking into account the HGPII Evaluation. Within five business days following receipt of the Neutral's evaluation, the GPO shall notify the Vendor and the Coordinator of whether the GPO is awarding a contract, bidding or re-bidding the product or product category, or submitting the HGPII Evaluation to the appropriate GPO Member Council. In the event the GPO submits the HGPII Evaluation opinion to its Member Council, the GPO shall make all reasonable efforts to facilitate a prompt meeting and decision of such Member Council. Notification of the Member Council decision shall be provided to the Vendor and Coordinator within five business days of the Member Council reaching a decision.

In the event the Coordinator, upon receipt of the Neutral's evaluation, believes that a HGPII GPO member has failed in a material and serious degree to observe the HGPII Principles, or has engaged in conduct materially and seriously prejudicial to the interest of HGPII, the Coordinator shall review and discuss such complaints with the GPO and shall take such action as the Coordinator deems necessary and prudent pursuant to the By-Laws of the HGPII.

No party shall have any obligation to amend or otherwise change policies or practices in response to recommendations made by the Neutral. However, parties are encouraged to consider such recommendations in the context of industry best practices, reasonable business practices, and GPO member needs and input.

Retaliation against any Vendor who, in good faith, requests review pursuant to a GPO Grievance Process or the HGPII Evaluation is prohibited. Concerns regarding retaliation should be brought to the attention of the Coordinator. (Contact information is set out below.)

FEES AND EXPENSES

A non-refundable case set-up fee **per party** is charged by AAA. In addition, a non-refundable case set-up fee **per party** is charged by HGPII. In addition to the case set-up fees, the Neutral shall charge, at his or her published rate, for conference, review and study time, as well as for expenses. The Neutral may assess all charges to one party or divide the obligation for the Neutral's charges between the parties based on the Neutral's evaluation of culpability. Each party is responsible for its own costs, including legal fees, incurred in connection with the HGPII Evaluation.

Before the commencement of the HGPII Evaluation, AAA shall estimate anticipated total cost and each party shall be required to pay its portion of the case set-up fees and an amount equal to the Neutral's estimated charges prior to the HGPII Evaluation. When the HGPII Evaluation is concluded, AAA shall render an accounting in accordance with the assessment of fees as determined by the Neutral and shall return any unexpended balance to the applicable party. In the event a party is determined to owe more in fees than has previously been paid to AAA, such

party shall pay the difference to AAA within 5 business days of receipt of notification of fees due.

ANNUAL REPORT OF HGPII EVALUATION

The Coordinator shall set out in HGPII's annual report a summary report including the number of HGPII Evaluation requests received, the number of evaluations conducted and the number of requests which were denied as a result of disqualifying factors. The Coordinator may, in his/her discretion provide general information regarding types of complaints, however, any such information shall be blinded as to the names of the parties and as to any information that might otherwise identify any party to a HGPII Evaluation.

Each HGPII GPO shall provide information regarding its GPO Grievance Process, as well as information regarding its participation in and outcomes of any HGPII Evaluations in its responses to the HGPII Annual Public Accountability Questionnaire.

NOTICES

All notices and other communications to any party hereunder shall be in writing and shall be given to such party at its address set forth on the signature page hereof. Each such notice or other communication shall be effective if given (i) by mail, 48 hours after such communication is deposited in the mail with first class postage prepaid, (ii) by nationally recognized overnight courier, 24 hours after sending, or (iii) by any other means when delivered.

DEFINITIONS:

“AAA” means the American Arbitration Association.

“Coordinator” means the Initiative Coordinator of HGPII.

“GPO” means a healthcare group purchasing organization.

“GPO Contract Process” means the contracting process utilized by an individual GPO (i) to competitively solicit proposals from and award contracts to Vendors or (ii) to evaluate New Technology submissions from and award New Technology contracts to Vendors.

“GPO Grievance Process” means the published process established by a GPO to review a Vendor complaint.

“HGPII” means the Healthcare Group Purchasing Industry Initiative.

“HGPII Evaluation” means the HGPII Vendor Request for Independent Evaluation.

“HGPII Principles” means the principles established by HGPII that underscore the healthcare group purchasing industry's commitment to use ethical business practices to help healthcare providers provide quality patient care at the most manageable cost.

“Member” means a healthcare provider that is a member of client of a GPO.

“Member Council” means a group or committee comprised of GPO Members that is responsible for clinical review, award determination and, where applicable, final review of the HGPII Evaluation.

“Neutral” means an independent third-party reviewer as determined by AAA.

“New Technology” means the definition set out in an individual GPO’s New Technology Process.

“New Technology Process” means the process by which an individual GPO evaluates and awards contracts for New Technology.

“RFP” or “Request for Proposal” means an invitation to submit a proposal/bid issued by a GPO pursuant to a GPO Contract Process.

“Vendor” means a supplier that seeks a contract award from a GPO pursuant to a RFP or through a New Technology Process.

CONTACT INFORMATION

Coordinator contact information:

Philip English, Coordinator
Healthcare Group Purchasing Industry Initiative
1717 K Street NW
Washington, DC 20036
Email: english.philip@arentfox.com
Phone: 202.857.6467

GPO contact information:

Intalere, formerly Amerinet, Inc.
Two CityPlace Drive, Suite 400
St. Louis, MO 63141
Phone: (877) 771-5700
www.intalere.com

Children's Hospital Association
6803 W. 64th Street, Suite 208
Shawnee Mission, KS 66202
Phone: (913) 262-1436
www.chca.com

GNVHA Ventures, Inc.
555 West 57th Street,
Suite 1500
New York, New York 10019
Phone: (212) 246-7100
www.gnyhaventures.com

HealthTrust Purchasing Group
155 Franklin Road,
Suite 400
Brentwood, TN 37027
Phone: (615) 344-3000
www.healthtrustpg.com

HPS
3275 N. M-37 Hwy
P.O. Box 247
Middleville, MI 49333
Phone: (800) 632-4572
www.hpsnet.com

Innovatix
555 West 57th Street, 12th Floor
New York, New York 10019
Phone: (212) 246-7100
www.innovatix.com

Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte, NC 28277
Phone: (704) 357-0022
www.premierinc.com

Texas Purchasing Coalition
ATTN: Geoffrey Brenner
7160 Dallas Pky, Suite 600
Plano, TX 75024
Phone: (469) 366-2100
www.tpcselect.com

Vizient, Inc. (including MedAssets)
290 East John Carpenter Freeway
PO Box 140909
Irving, TX 75062
Phone: (972) 581-5000
www.vizientinc.com

Yankee Alliance
138 River Road
Andover, MA 01810
Phone: (978) 681-6100
www.yankeealliance.com

American Arbitration Association

Submission to HGPII Independent Evaluation Services

Vendor hereby submits the following request for evaluation pursuant to the rules of the HGPII Independent Evaluation process and the American Arbitration Association's Early Neutral Evaluation Procedures. As a condition to the GPO agreeing to participate in the evaluation process, Vendor agrees to abide by the terms, conditions, and rules of the HGPII Independent Evaluation as set out at <http://www.healthcaregpoi.com/abouthgpii/independentevaluation.html>, including without limitation all terms, conditions and rules in those sections titled "Confidentiality" and "Applications to Court and Limitation of Liability". Vendor further certifies that: (1) this grievance has previously been submitted to the applicable GPO's Grievance Process, that Vendor participated fully in such process and such process resulted in a determination not favorable to the Vendor AND (2) that this request is being brought in good faith and that, to the best of Vendor's knowledge, there are no Disqualifying Factors.

GPO that is subject of request: _____
If GPO is not a HGPII member, page 2 must be completed and submitted as a part of this Submission)

State in what manner the GPO Contract Process was not followed: (attach additional sheets if necessary): _____

Date of receipt of GPO's formal grievance process decision (attach copy of decision) _____

Claimant Name _____

Address _____

Telephone (____) _____ Fax (____) _____

Name of Claimant's Attorney or Representative _____

Address of Representative _____

Telephone (____) _____ Fax (____) _____ Email _____

Signed: _____
(Must be signed by the Chief Executive Officer, Chief Operating Officer, President, or Chief Financial Officer)

By: _____

Title: _____

Date: _____

Filing instructions: Please file three signed copies, the AAA non-refundable filing fee, and the HGPII filing fee with the HGPII Coordinator. For additional information, please visit the HGPII website at <http://www.healthcaregpoi.com/abouthgpii/independentevaluation.html>

GPO Consent to Submission to HGPII Independent Evaluation Services

_____ hereby consents to HGPII Independent Evaluation relative to the grievance set out herein.

GPO Name _____

Address _____

Telephone (____) _____ Fax (____) _____

Name of GPO's Attorney or Representative _____

Address of Representative _____

Telephone (____) _____ Fax (____) _____ Email _____

Signed: _____

By: _____

Title: _____

Date: _____

Appendix I

Résumé of W. Michael Hoffman, Ph.D.

BIOGRAPHICAL SUMMARY

W. Michael Hoffman is the founding Executive Director of the Center for Business Ethics at Bentley College in Waltham, Massachusetts, a 32-year-old research and consulting institute and an educational forum for the exchange of ideas and information in business ethics. He is also Senior Partner of the business ethics consulting firm, Hoffman Rowe, and the Managing Partner of the Consulting Collaborative, The Ethics Trust.

Dr. Hoffman received his Ph.D. in Philosophy in 1972 at the University of Massachusetts in conjunction with Amherst, Hampshire, Mount Holyoke and Smith Colleges. He is the Hieken Professor of Business and Professional Ethics at Bentley College and was Chair of the Department of Philosophy for 17 years. He has authored or edited 16 books, including Business Ethics: Readings and Cases in Corporate Morality (now in its 4th edition), Ethics Matters: How to Implement Values-Driven Management (2000) and The Ethical Edge: Tales of Organizations that Have Faced Moral Crises (1995). He also has published over 90 articles.

Dr. Hoffman has consulted on business ethics for numerous corporations, universities and government agencies. Clients have included Baker Hughes, Blue Shield of California, Cablevision, CBS, Coopers & Lybrand (now PwC), El Paso Corporation, Exelon Corporation, Fidelity Investments, GTE, General Electric, GlaxoSmithKline, Johnson & Johnson, KPMG, NYNEX (now Verizon), PeopleSoft, Textron, TRW Systems, and Tyson Foods.

He has been a National Endowment for the Humanities Fellow and Consultant, a lecturer at universities and conferences around the world, and an expert witness on business ethics in numerous legal cases. He is on the board of editors of many business ethics journals, was a founding member and President of the Society for Business Ethics, and served on the advisory board of the U.S. Sentencing Commission. He was the founding Executive Director of the Ethics Officer Association (now the Ethics & Compliance Officer Association) from 1992 to 1995, a member of its Board of Directors until 1997, and then Advisor to the Board until 2005. He was named the 2007 Humanist of the Year by The Ethical Society of Boston.

He has been quoted extensively on business ethics in newspapers and magazines, including the Boston Globe, Business Week, Chicago Tribune, Christian Science Monitor, Financial Times, Industry Standard, Los Angeles Times, New York Times, Newsweek, Philadelphia Inquirer, San Francisco Chronicle, USA Today, U.S. News and World Report, Wall Street Journal, and Washington Post and is interviewed frequently for television and radio programs around the country.

Dr. Hoffman resides in West Newton, Massachusetts with his wife, Bliss Read Hoffman.



William (Bill) J. O'Rourke
Executive Director, Beard
Institute, Duquesne University
School of Business,
Fellow, Wheatley Institute,
Brigham Young Univ.,
Board Member, Sustainable
Pittsburgh
Board Member–Alcoa
Foundation,
Retired Alcoa Vice President

Bill O'Rourke retired from Alcoa in September, 2011. He serves on the Board of the Alcoa Foundation and teaches "Values" at the Alcoa Executive Development Programs. He joined Alcoa as a Patent Attorney in 1975 and held a number of leadership positions including Vice President, Environment, Health & Safety and Sustainability, Vice President of Global Business Services, Chief Information Officer, Vice President of Procurement, Corporate Auditor, Assistant General Counsel and Corporate Patent Counsel. From 2005 to 2008 Bill was the President of Alcoa-Russia.

Bill is now the Executive Director of the Beard Institute in the Palumbo-Donahue School of Business at Duquesne University. He is also a Fellow of the Wheatley Institution in the Marriott School of Business at Brigham Young University. Bill lectures on business ethics at the Carnegie Council for Ethics in International Affairs and at Universities including Brigham Young, Duquesne, Nebraska, Notre Dame, Carnegie Mellon and the University of Pittsburgh. He is the current Board Chair of Sustainable Pittsburgh, and serves on a number of other civic, charitable and religious organizations.

Jacqueline E. Brevard, JD/LLM • Senior Advisor, GEC Risk Advisory LLC

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

Ms. Brevard, the former Vice President, Chief Ethics and Compliance Officer of Merck & Co., Inc., is the pioneer and visionary who developed and successfully implemented the first comprehensive Global Ethics Program for a top tier global pharmaceutical company, driving Merck & Co. to a leadership position in organizational ethics and setting the standard that others would follow years later. Ms. Brevard led the Merck Office of Ethics for more than 15 years. The Office of Ethics is a corporate function created to support and foster the Company's commitment to high standards of business ethics worldwide. Merck's Ethics and Compliance Program, and Ombudsman Program, were consolidated under Ms. Brevard who reported regularly to the Chief Executive Officer, Executive Committee, and Audit Committee of the Board.

Ms. Brevard joined Merck in 1981, serving as an International Attorney, and during her fourteen-year tenure in the Legal Department, occupied positions with responsibility for all legal matters, with emphasis on commercial transactions, in Europe, Latin America, Canada, Asia, East Europe, Mid-East, Africa, Australia and New Zealand. In May 1995, Ms. Brevard was named Chief Ethics Officer and established Merck's first Office of Ethics and its Ombudsman Program. From 2004-2009, the Company's Compliance Program and Ethics Program were consolidated under her leadership.

Ms. Brevard served on the Board of Directors of the Ethics and Compliance Officer Association ("ECO") and Chaired its External Relations and Government Affairs Committee. She is Vice Chair Emeritus of the ECO. Ms. Brevard is former Chair of the Conference Board's Global Council on Business Conduct of which she was an inaugural member; and she is a Founding Fellow of the Ethics Resource Center's Fellows Program, where she served as its Chair. Ms. Brevard is a published author and a frequent speaker at many distinguished conferences and universities, including ECOA conferences, Compliance Week, Practising Law Institute, the Pharmaceutical Regulatory and Compliance Congress, the Corporate Executive Board's CELC, Institute for Ethical Leadership at Rutgers University, NYU, Georgetown University and Columbia University. She is a member of the faculty of the Leading Practitioner in Ethics and Compliance Certification course sponsored by the ECOA Foundation where she specializes in innovative risk management techniques. In 2009, Ms. Brevard was named as one of ETHISPHERE's top 100 Most Influential People in Business Ethics.

Ms. Brevard is the Program Director for the Conference Board's Council on Corporate Compliance and Ethics; she serves as Chair of the Board of Directors of the International Business Ethics Institute; and she is a member of the Advisory Board of the Institute for Ethical Leadership at Rutgers University. Ms. Brevard also serves as Adjunct Faculty at New York University. Ms. Brevard received a J.D. from Rutgers University School of Law and an LLM in International Law from New York University School of Law.