

2012 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

(Covering Calendar Year 2012; Questionnaire completed in February 2013)

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

Please assure your response includes:

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

1(a). Please describe the ownership structure of your organization, including details regarding the following:

- (i) What is the corporate form of your organization? (e.g., corporation, partnership, Limited Liability Company, co-op, etc.)
- (ii) Is your GPO organized as a for-profit or not-for-profit organization?
- (iii) In what state is your GPO organized?
- (iv) What person(s) or entit(ies) control the majority of voting interests in your GPO?
- (v) Please categorize the types of equity holders of your GPO (e.g., healthcare providers, private citizens, for-profit entities, not-for-profit entities)
- (vi) Is your GPO or any of its equity holders a publicly held company?

1(b). Please describe the composition of your Board of Directors or other governing body ("Board").

- (i) Please state how many individuals serve on your Board.
- (ii) Please state what percentage of the directors on your Board represent entities that participate in (i.e., are customers of) your GPO.
- (iii) Please state what percentage of the directors on your governing board are employees of your GPO.
- (iv) Please state whether any members of your Board also serve as employees, officers, or directors of any Participating GPO Vendor.
- (v) If your Board has members that serve as employees, officers, or directors of a Participating GPO Vendor, please state how many and what percentage of the total Board, and explain what policies you have in place to address potential conflicts of interest that may arise. For the purposes of this Questionnaire, "Participating GPO Vendor" means a manufacturer, distributor, supplier or other vendor of health care services and/or products that has a contract or submits a formal bid or offer to contract with the GPO to provide goods or services to the GPO's participants.

1(c). Please indicate whether any equity holder of your GPO (i.e., any ownership or investment interest other than an ownership or investment interest in a publicly traded security and mutual fund) is a physician (or an immediate family member of a physician). An “immediate family member” means a husband or wife, birth or adoptive parent, child, or sibling, stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, daughter-in-law; grandparent or grandchild; and spouse of a grandparent or grandchild. An “equity holder” means the named holder of any stock, membership, unit, or other ownership interest.

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

Please include in your answer:

- 2.1. Who is covered by your conflict of interest policies?
 - a) All employees or employees directly involved in purchasing?
 - b) All executives of the company or those directly supervising purchasing activity?
 - c) The board of directors?
 - d) Members of clinical advisory committees?
 - e) Any other groups?
- 2.2. What are the primary conflict of interest constraints for each of the categories listed in the question above?
 - a) No equity investments in participating vendors or disclosure of equity investments? (Or no investments above a threshold dollar level?)
 - b) No service on boards of directors of participating vendors or disclosure of board of director positions?
 - c) Are Board Members permitted to accept gifts from vendors and if so, please describe the limitations on gifts and disclosure required?.
 - d) Are meals or entertainment allowed to be accepted or provided to vendors?
 - e) Other constraints?
 - f) If an employee reports an ethics violation, please describe the GPO’s process for addressing the issue.

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

Please include in your answer:

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

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))

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

Please include in your answer:

- 4.1. Does the GPO make annual disclosures of administrative fees received from vendors for contracting activities with respect to the member's purchase of products and services?
- 4.2. Does the GPO disclose to members all payments other than administrative fees the GPO received from any vendor in the course of the GPO's group purchasing activities, whether from the purchasing activity of those members or not?
- 4.3. Does the GPO accept marketing fees?
- 4.4. Does the GPO accept partnership incentives?
- 4.5. Does the GPO accept equity?
- 4.6. Does the GPO accept upfront fees?
- 4.7. Does the GPO accept honoraria?
- 4.8. Please describe the GPO's policy with respect to administrative fees received on purchases made by an ineligible member (e.g., a policy regarding the return of such administrative fees to the applicable vendor).
- 4.9. Please describe the GPO's policy with respect to the receipt of sponsorship funds, grants, and other non-administrative fee revenue from vendors.
 - a) If the GPO allows the receipt of educational grants, please describe in detail the types of programs for which it receives such grants.
 - b) If the GPO receives or is permitted to receive sponsorship funding, please describe the circumstances under which it may receive such funding?
 - c) If such funding is received by the GPO, is it disclosed to the GPO's participating members and how?

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

Please include in your answer:

- 5.1. Describe your disclosure practices.
- 5.2. Does the GPO pay fees to members upon the signing or re-signing of a participation agreement with the GPO or the joining or renewal of membership in the GPO program?

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

Please include in your answer:

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

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

Please include in your answer:

- 6i.1. Does the GPO publish to all vendors the decision criteria used to award potential contracts? Where is it available?
- 6i.2. Please detail the decision criteria available to a bidder who is not awarded a contract.

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

Please include in your answer:

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

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

Please include in your answer:

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

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

Please include in your answer:

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

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

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

Please include in your answer:

- 6v.1. Does the GPO have such a system?
- 6v.2. Describe the process by which products and services are evaluated.

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

Please include in your answer:

- 1. Describe your policies that support competitive procurement.

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

Please include in your answer:

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

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

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

Please include in your answer:

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

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

Please include in your answer:

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

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

Please include in your answer:

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

6xi. Please describe the GPO's supplier grievance process?

Please include in your answer:

- 6xi.1 Please describe the GPO's policy and process with respect to responding to a supplier's grievance regarding the bid/award process?
- 6xi.2 Does the GPO participate in HGPII's Independent Evaluation Process?
- 6xi.3 Is the description of the GPO's supplier grievance process on a public website or sent to those who inquire, or provided in some other way?
- 6xi.4 Did any supplier, since submission of the last GPO's Public Accountability Questionnaire, request evaluation pursuant to the HGPII Independent Evaluation Process? If so, please provide information regarding the outcome of such evaluation.

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

Please include in your answer:

- 7.1. Please describe the GPO’s policy and procedure related to vendor rights and where is it available.
- 7.2. How does the GPO address vendor grievances?
- 7.3. Please describe in general the grievance process.
- 7.4. Has the new HGPII independent vendor grievance review process been displayed on the GPO’s public Website?

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

Please include in your answer:

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

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

Please include in your answer:

- 9.1. Please describe the program or activities and indicate specifically which types of businesses are included in the program
- 9.2. Please provide current statistics reflecting the percentage by dollar value and number of contract awards to support the program.
- 9.3. How did the GPO sustain its diversity program over the year? Did the GPO achieve any milestones in contracting with minority businesses?

10. Please describe whether and in what manner the GPO distributes its written code of business ethics and conduct to all applicable employees, agents, contractors, clinical advisory committees, and others involved in group purchasing activity.

Please include in your answer:

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

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

Please include in your answer:

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

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

Please include in your answer:

- 12.1. Which employees receive annual refresher training?
- 12.2. Please describe the content of the training and the method of delivery.

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

Please include in your answer:

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

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

Please include in your answer:

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

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

Please include in your answer:

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

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

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

Please include in your response:

16.1. Is there a process to evaluate at least annually the GPO's adherence to the law and to the code of conduct? Please describe.

16.2. Who conducts the evaluation(s)?

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

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

Please include in your answer:

17.1. Please state how many company persons attended the Best Practices Forum in Washington, DC in March, 2012.

17.2. Please name the most senior executive who attended.

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

Please include in your answer:

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

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

Please include in your answer:

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