



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.

This questionnaire is being filed on behalf of GNYHA Ventures, Inc. (“GNYHA Ventures”) and its group purchasing subsidiaries, GNYHA Services, Inc. (“GNYHA Services”), which operates its acute care group purchasing program, and Essensa Ventures, LLC (“Essensa”), which operates its group purchasing program for certain alternate site facilities and non-healthcare facilities. GNYHA Services and Essensa are referred to collectively as the “GPOs”. Unless specifically noted, all responses to this questionnaire apply equally to GNYHA Services and Essensa with respect to healthcare group purchasing activities. The GPOs offer their group purchasing programs in conjunction with Premier Healthcare Alliance, LP (“Premier”), through a contractual arrangement, using both contracts negotiated and entered into by Premier and in some cases contracts negotiated and entered into by the GPO. Additionally, for informational purposes, an affiliate of GNYHA Ventures holds an ownership interest in Premier. In addition, affiliates of GNYHA Ventures and Premier co-own Innovatix, LLC (“Innovatix”), a group purchasing organization for certain classes of alternate site health care providers, which is 50% owned by an affiliate of GNYHA Ventures and 50% by an affiliate of Premier. Innovatix has completed a separate response to this HGPII Questionnaire.

GNYHA Ventures is a New York for-profit company, and its GPOs and other businesses operate on a for-profit basis (see question 7 for more details regarding those businesses). GNYHA Services is a New York for-profit corporation. Essensa is a New York limited liability company.

GNYHA Ventures and its GPOs, GNYHA Services and Essensa, are ultimately owned by Greater New York Hospital Association (the "Association"), a not-for-profit membership organization that represents the interests of its member not-for-profit and governmentally owned hospitals and health care systems. The Association helps its members fulfill their mission to deliver high quality, efficient, and accessible health care through its various activities, including advocacy, assistance with the implementation of regulatory issues, emergency preparedness, and other services.

The Association's for-profit subsidiaries, including the GPOs, assist Association members and other customers by providing a variety of cost-reduction and operations-improvement services that help participants save money on the cost of obtaining pharmaceuticals, medical supplies, and other products and services (see answer to question 7 for more detail regarding the types of services offered by the various GNYHA companies).

The Association owns these companies indirectly through various wholly-owned subsidiaries. The majority of voting interests in the GPOs are controlled by the Board of the Association, which comprises senior executives from Association member hospitals and continuing care facilities.

The GPOs' corporate headquarters are located at 555 W. 57th Street, 15th Floor, New York, NY 10019.

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.

In 2014 there were 18 individuals on the Board of GNYHA Services (the "GPO Board"), which serves as the governing body for both the GNYHA Services and Essensa group purchasing programs.

Fifteen of the 18 individuals on the GPO Boards represent not-for-profit entities that participate in the GNYHA Services group purchasing program. Three of the remaining individuals were each previously employed by a not-for-profit hospital that participated in the GNYHA Services group purchasing program, and one was previously a senior government official.

There are no employees of the GPOs on the GPO Board.

No members of the GPO Board are employees, officers, or directors of any Participating GPO 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).

No equity holder of the GPO or its parent or affiliated companies is 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.

The written code of business ethics and conduct for the Association and its subsidiaries and affiliates, including the GPOs (collectively, the "GNYHA companies") is titled the "Code of Conduct and Conflict of Interest Policy of Greater New York Hospital Association and its Subsidiaries and Affiliates" (the "Code"). The Code is applicable to all management and executive level employees of all GNYHA companies (i.e., all employees other than support staff) and all other GNYHA employees who are in a position to influence the GPOs' contracting decisions ("Executive Employees"). On an annual basis, all Executive Employees are asked to complete a Disclosure Statement that requires that they disclose actual or potential conflicts of interest and answer certain questions related to the Code. These Disclosure Statements are reviewed by the Compliance Officer. (See answer to question 44 for more information on the Compliance Officer.) All employees of the GPOs, regardless of their respective positions, receive a copy of the Code and are trained on its provisions.

The Code also applies to members of the Boards of Directors of the GNYHA companies. (See Article VI of the Code.) On an annual basis, members of the Boards of the respective GNYHA companies are asked to complete a Disclosure Statement to disclose actual or potential conflicts of interest and answer certain questions related to the Code. These Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant individual to recuse himself/herself from a particular Board or committee discussion or take other action as appropriate. Relevant issues may also be reviewed with the GNYHA Audit and Compliance Committee (the "Audit and Compliance Committee").

The Code applies to members of all GPO advisory committees, including any clinical advisory committees that the GPOs may convene. On an annual basis, members of any relevant GPO clinical advisory committees are also asked to complete a Disclosure Statement that requires that they disclose actual or potential conflicts of interest and answer certain questions related to the Code. These Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant

individual to recuse himself/herself from a particular Board or Committee discussion or take other action as appropriate. Relevant issues may also be reviewed with the Audit and Compliance Committee.

Any questions submitted to the Compliance Officer are responded to on a timely basis. The Compliance Officer, or designee, gives his/her response based on his/her good faith interpretation of the Code and other relevant standards. The Compliance Officer may seek additional advice from outside advisors, including outside counsel, or from the Audit and Compliance Committee. The Compliance Officer will look into any complaints that are registered through the Compliance Hotline and attempt to resolve them within 30 days. Upon receipt of a complaint, the Compliance Officer will fully investigate the matter by conducting an internal review that includes interviewing the person who registered the complaint, if known, and other relevant staff members. In order to resolve an issue, the Compliance Officer may consult with outside counsel or other advisors, and the Compliance Officer or a designee will record a summary of each complaint received, the status of the respective internal review, and any corrective action taken in response to the internal review. The Compliance Officer reports the results of all material investigations to the Compliance Committee. Sanctions and disciplinary actions against any individual that has been determined to have violated the Code would be determined on a case-by-case basis, based on the nature of the infraction, the responsibilities of the person and other relevant factors. They may range from admonishment to termination of employment.

Links: <http://www.gnyhaservices.com/46/Default.aspx>

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).

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

Members of the Board are asked to complete a Disclosure Statement that requires them to disclose any gifts they have received from any vendor that does business or seeks to do business with the GPOs. As noted above, these Disclosure Statements are reviewed by the Compliance Officer who may ask the relevant individual to recuse himself/herself from a particular Board or Committee discussion or take other action as appropriate. We are not aware of any gifts of more than nominal value from Participating Vendors to members of the Board.

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

Article VII, Section 11 of the Code specifically addresses the issue of other lines of business and provides that the GPOs will not have other business relationships with Participating GPO Vendors unless those relationships are in the best interest of the GPO's members and Participants. The Audit and Compliance Committee would review such relationships prior to their inception to ensure they are consistent with the Code. Additionally, pursuant to the Code, any such relationships must be disclosed to the members; fees and/or other payments received must be reasonably related to the value received; and participation or lack of participation in such relationships will have no bearing on the GPO's contracting decisions.

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.

Some of the GNYHA companies provide non-GPO services, however, the GPOs currently do not conduct lines of business outside of the GPO business. As stated above, the Association provides a wide variety of services for its members, including quality assurance, emergency preparedness, and regulatory assistance, education, and advocacy on numerous issues including finance, reimbursement, and payment issues. A GNYHA Ventures subsidiary, Nexera, Inc., serves as a consulting company with respect to supply chain management and other operational efficiencies for health care providers. Nexera charges its clients, most of which are GNYHA members and participants in the GNYHA Services GPO, on a fee-for-service basis. In 2014, a subsidiary of GNYHA Ventures also operated a mobile technology business, but that business was sold to a third party in the fourth quarter of 2014.

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?

See Article VII, Sections 1(b) and 11 of the Code, which preclude the GNYHA companies from owning an Equity Interest in a Participating GPO Vendor, and also preclude the GPOs from having other business relationships with Participating GPO Vendors unless those relationships are necessary to achieve core goals of the GPOs and are in the best interest of the GPO's members. Additionally, pursuant to the Code, any such relationships must be disclosed to the members, fees and/or other payments received must be reasonably related to the value received, and participation or lack of participation in such relationships will have no bearing on the GPO's group purchasing contracting decisions.

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

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?

The GPOs' policy on soliciting and receiving grants and other funds from parties with which the GPOs may do business sets forth a procedure for determining when it is appropriate for the GPOs to accept funding from such parties. The GPOs may not accept grants for educational programs or similar program funding from vendors or other third parties with which the GPOs have a business relationship unless the receipt of such funds is approved by the Audit and Compliance Committee and Board after their consideration of relevant factors. To the extent that grants or similar funds are accepted by one of the GPOs, the GPO would disclose information regarding such funds to members in connection with its safe harbor disclosure reports. (See Policy #8, Soliciting and Receiving of Grants and Other Funds from Companies with Which GNYHA Does Business.)

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?

Most conferences regarding the GNYHA Services GPO program are conducted by Premier, whereas Essensa, the non-acute care GPO, sometimes offers conferences in conjunction with Innovatix, which also offers services to non-acute care members. In both cases, under the GNYHA Service's and Essensa's respective policies, the GPO may allow Participating GPO Vendors to rent exhibit booth space at conferences. Exhibit space must be available to all vendors on the same terms and on a first come, first served basis.

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.).

The GPOs, their parent companies, and their affiliates do not currently sell other services to Participating GPO Vendors.

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.

Yes. The GPOs make annual disclosures to its members of administrative fees received from vendors with respect to members' purchases by sending reports, itemized by vendor indicating the amount of administrative fees received from Participating GPO Vendors for the relevant year as a result of the particular member's purchases.

Supporting Documents:

- Article II, Section 2 of the Code

- Sample Safe Harbor Report
- Sample Cover Letter to Safe Harbor Reports
- GNYHA Policy #4, Oversight and Monitoring Compliance, paragraph 6 regarding internal review that safe harbor reports were properly disseminated to members

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.

Yes. The GPOs disclose to members all payments from Participating GPO Vendors other than administrative fees, regardless of whether such payments are from the group purchasing activity of the member. For example, if in any year the GPOs received fees for exhibit booths at conferences or other permissible fees from vendors, disclosure regarding the relevant amounts would be made in connection with its safe harbor reports. As indicated previously and below, the Code prohibits the GPOs from receiving marketing and similar fees.

14. Describe the GPO's policy with respect to returning administrative fees to an ineligible vendor.

If the GPO received an administrative fee that did not appear to pertain to an eligible member, it would review the situation to determine to which member, if any, the fee corresponds. Unallocated funds (i.e., funds for which the specific member to which the funds are attributable has not been identified as of the relevant date) account for a very small percentage of total administrative fees received on an annual basis. Other than with respect to de minimis amounts, if it is determined that a particular fee does not pertain to an eligible member, such fee would be returned to the appropriate vendor.

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?

No. The GPOs do not pay fees to members upon the signing or re-signing of a participation agreement with the GPO or the joining or renewal of membership in the GPO program.

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.

Yes. The GPOs have publicly available descriptions of their bid and award processes. They can be found on the Web at <http://www.gnyhaservices.com/29/Default.aspx> and <http://essensa.org/Vendor/ContractingProcess.aspx>.

As previously stated, the GPO programs are offered in conjunction with Premier pursuant to agreements between each of the GPOs and Premier, which were last updated as of July 1, 2012. The GPO program consists of a national component directly operated by Premier (the “National Program”) and a regional component directly operated by the GPOs (the “Regional Program”).

The national contracting process, which covers the vast majority of the contracts offered by the GPOs, is subject to Premier’s contracting rules (See Premier’s Web site, www.premierinc.com, and Premier’s response to this HGPII survey) and has a publicly available bid and award process. The Regional Program, which is administered directly by the GPOs, is subject to the GPOs’ contracting rules and related policies, which are described in detail on the Web site, www.gnyhaventures.com. As described on the Web site, due to the nature of certain regional products and services offered, the GPOs frequently utilize a competitive negotiation process rather than a formal RFP process.

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.

The GPOs publish to all vendors the decision criteria used to award potential contracts. It is also available on the GNYHA Ventures Web site, on the “For Suppliers” pages.

Additionally, the Premier Web site, www.premierinc.com, identifies all items and services to be purchased through the National Program and contains a bid/contract award timetable. Premier’s policies and procedures are discussed further in Premier’s response to this 2014 HGPII questionnaire.

The remainder of the GPOs’ response to this question 17 relates to the Regional Program pursuant to which the GPOs directly contract with vendors. With respect to products and services that are offered through the Regional Program, the Web site, www.gnyhaservices.com, lists current regional contracts, including the product description, vendor name, and term (commencement and expiration dates) of such contracts. Certain confidential, proprietary, or competitively sensitive information may be listed in a “members only” section of the Web site. In accordance with their policies, the GPOs are required to post a notice on their respective Web sites notifying vendors of their intent to receive proposals for a relevant product/service to be offered through a regional contract and provide detailed information regarding when and where interested vendors should submit proposals.

The GPO contract award and vendor information policy is available on its website at <http://www.gnyhaservices.com/109/Default.aspx> and its bidder qualifications are available at <http://www.gnyhaservices.com/34/Default.aspx>. There are a certain important criteria that will preclude the award of a contract to a bidder, including the inability of the bidder to provide differentiating value within the category of product; the inability of a bidder to provide GPO members with value and price points not already available to most members; and the unwillingness of a bidder to accept key contract terms. More often than not GNYHA Services negotiates with all interested and qualified suppliers and any decision, favorable or unfavorable, is communicated directly to all such suppliers.

Links: <http://www.gnyhaservices.com/29/Default.aspx>
<http://www.gnyhaservices.com/120/Default.aspx>
<http://www.gnyhaservices.com/109/Default.aspx>
<http://www.gnyhaservices.com/34/Default.aspx>
<http://essensa.org/Vendor/BecomingAVendor.aspx>
<http://essensa.org/Vendor/ContractingProcess.aspx>
<http://essensa.org/Vendor/ContractingProcess.aspx>
<http://essensa.org/Vendor/NegotiationsRequest.aspx>

Supporting Documents:

- Policy #5, Contract Award and Vendor Information Policy For Suppliers Web site page(s) cited above

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.

Article VII, Section 9 of the Code addresses these practices. Pursuant to the Code provisions, contracts for physician preference products are to be "based on multi-source contracting, no commitment levels, and no bundling with unrelated products, except to the extent that the GPO determines that its members' interest in obtaining high-quality products and services at the lowest possible prices will not be served by the use of such practices." Currently, all physician preference products are offered on a multi-source basis, i.e., for all physician preference products, at least two vendors' products are offered through the National Program and the Regional Program collectively. Since the inception of the Code, the GPOs have not had to use the exception regarding physician preference products, and would do so sparingly.

The overwhelming majority of contracts for physician preference products, other than enhancements of existing Premier contracts, are offered through national contracts. It is Premier's policy to multi-source contracts for physician preference products. Therefore, on a total Premier/GNYHA program level, the GPOs' members have access to multiple vendors for all physician preference products that are offered through the Premier/GNYHA Program. One purpose of the Regional Program is to supply our members with better pricing or more enhanced contract terms, which we achieve, in part, by working with a particular vendor that is willing to give discounted prices to members based on efficiencies that the GPO group can bring to that vendor. In such a case, there is a compelling reason for the GPOs to offer the regional contract on a "sole source" basis, and may do so. However, no member is required to participate in the regional contract, and all members have access to the other choices being offered in the Premier/GNYHA Program through the national contracts.

With respect to regional products that are not available through national contracts (and that are not physician preference products), it is the GPOs' policy to offer contracts on a multisource basis if there is more than one available vendor that offers appropriate contract terms. However, if a sole source award will result in better pricing and other terms for members, the GPOs may offer the contract on a sole source basis.

Please see Premier's response to this question, in particular, regarding drug shortages. Many in the industry, including Premier, have or will consider entering into sole source agreements with

suppliers for the purposes of ensuring supply of critical generic injectable drugs. We would encourage and participate in these types of programs if they are designed to improve our members' access to drugs at market-competitive prices and avoid potential drug shortages.

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?

The GPOs do not permit bundling of unrelated products or services from the same vendor in a manner that would result in higher prices for Participants than they would pay absent such practices. The GPOs would allow a vendor to give additional rebates or discounts for purchases of unrelated products for that vendor if the GPO determined that such practices conform to relevant law and would yield lower pricing for the members. The GPOs do not permit bundling of unrelated products or services from different vendors. (See Article VII, Sections 7 and 9c of the Code.)

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.

The GPOs follow the Premier sourcing guidelines for clinical preference items. Further, the GPOs have employees with clinical experience who act in an advisory role and may also convene ad hoc committees of members with clinical experience who also may provide input in the process. Article VII, Section 10 of the Code limits the length of contracts to three years, absent extraordinary circumstances in which participants would materially benefit from the existence of a longer-term contract. The GPOs are currently party to a few group purchasing contracts that have a term of more than 3 years. The reasons for the longer contract terms include that, in several cases, the GPOs sought a longer term in order to secure each of the contracts' highly favorable pricing, supply commitments, and other terms for its members for as long as possible.

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.

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

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?

The GPOs do not accept any administrative fees above 3% from any Participating GPO Vendor.

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.

As discussed above, the GPOs do not receive administrative fees of more than 3% of members' purchases.

PRIVATE LABEL PROGRAMS

24. Describe whether the GPO has a private label program and if so, describe the products the private label program covers.

The GPOs do not have a private label program, which we understand to be defined as a program in which a vendor contracts with a GPO to put the GPO's label on its product and pays the GPO fees, including licensing fees and fees other than an administrative fee or 3% or less, in connection with such program. We note that a number of GPOs have recently developed private allotment programs, which allow for a guaranteed supply of drugs that may otherwise be in short supply and therefore be difficult to obtain. While these types of programs may be considered "private" in some sense, they are generally not modeled in a way that would raise the concerns that arose in the past regarding private label programs.

25. Describe the GPO's practice regarding administrative fees derived from a private label program.

As stated above, the GPOs do not have 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.

If a grievance is submitted to the GPO, the Compliance Officer reviews all facts and circumstances in conjunction with a senior officer responsible for the relevant contract/contracting process and conducts an investigation. The Compliance Officer then responds to the vendor within 30 days. If the Compliance Officer determined that there had been a material breach of policy, he/she would review the matter with the Audit and Compliance Committee.

The vendor submits a written description of the grievance. It is sent to the President of the GPO and forwarded to the Compliance Officer. The Compliance Officer conducts an investigation, which could include consultation with outside advisors as necessary. After the Compliance Officer reaches a conclusion he/she discusses the relevant information with the senior officer of the GPO, records it in the company's records, and contacts the vendor for resolution. As noted earlier, relevant issues and/or resolutions are discussed with the Audit and Compliance Committee.

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.

No supplier has requested evaluation pursuant to HGPII's Independent Evaluation Process since the submission of the last Public Accountability Questionnaire.

28. Does the GPO participate in HGPII's Independent Evaluation Process?

Yes, the GPOs 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.

Yes. The HGPII Independent Evaluation Process is displayed on each of the GPO's websites at <http://www.gnyhaservices.com/37/Default.aspx> and <http://essensa.org/Vendor/GrievanceProcedure.aspx>.

INNOVATION

30. Describe the GPO's policy and process to evaluate and provide opportunities to contract for innovative products and services.

Technology evaluation is largely conducted by Premier, which has extensive processes to evaluate and review innovative clinical products. The GPOs and their members participate on several Premier committees and provide input and assist in evaluating products. Additionally, vendors that believe they have innovative clinical products and services are encouraged to contact the designated GPO staff member. The Web site page regarding new supplier information indicates the procedure for submission and review of the information.

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.

Yes. The GPOs have the right to enter into a new contract at any time during its bid and award cycle if it is in the members' best interests. The GPO contracts typically contain technology clauses that allow the GPO to award a contract to one or more additional vendors that make an innovative product available in mid-contract cycle. Additionally, most contracts are not exclusive so that a new vendor can be added any time for any reason that would benefit the members.

32. Are GPO members allowed to evaluate products and/or communicate with vendors, regardless of whether a vendor has a contract with the GPO?

Yes. GPO members are allowed to evaluate products from all vendors, regardless of whether such vendor has a contract with the GPO. There are no restrictions on members' ability to purchase directly from vendors.

33. Are GPO members allowed to purchase non-contracted products or services directly from non-participating vendors?

Yes. GPO members are allowed to purchase non-contracted products or services directly from 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.

Premier has an extensive program to encourage contracting with small, women-owned, veteran-owned and/or minority businesses, upon which the GPOs access and rely. According to the GPO Contract Award and Vendor Information Policy, members of the senior staff of the GPO are to evaluate that policy annually as it relates to the GPO and are responsible for developing supplements to the program for the GPO, as necessary.

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.

Please see Premier's response to this question regarding the results of the program. Further, the percentage of minority-owned suppliers in the GNYHA Services' regional portfolio is typically higher than national program contracts because the geographic reach of these companies is often more suited to a regional rather than national approach.

Supporting Documents:

- Policy #5, Contract Award and Vendor Information Policy, Section II(i)

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.

Our Code is located at <http://www.gnyhaservices.com/46/Default.aspx>. No changes have been made to the Code 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.

The GPOs distribute the Code to employees annually by email and/or hard copy. Additionally, as discussed above, it also distributes an Annual Disclosure Statement to all Executive Employees. All employees of the GNYHA companies, regardless of their respective positions, receive a copy of the Code and are trained on its provisions. The Code is also available to employees and the general public on our Web sites, at <http://www.gnyhaservices.com/46/Default.aspx> and <http://essensa.org/CodeOfConduct.aspx>. The GPOs distribute the Code to all members of relevant GPO advisory committees on an annual basis. It also distributes an Annual Disclosure Statement to each of such advisory committee members and requires that the members complete the Disclosure Statement and return it to the GPO. All Executive Employees receive annual refresher training on the GPOs' ethics and Code in person at an annual retreat or at other training sessions. The training takes the form of a lecture with an interactive portion consisting of hypotheticals and an opportunity for questions and answers.

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.

The GPOs have a Compliance Officer. Pursuant to the GPOs' policy for asking questions and reporting non-compliance with the Code, complaints may be reported to the Compliance Officer or the staff member's immediate supervisor, and are reviewed in accordance with the GPO's policy on Response to Questions, Complaint Follow-up, and Corrective Action Procedures. The GPO also accepts anonymous complaints and has set up a "Compliance Hotline" telephone line that can receive anonymous questions and complaints.

All compliance issues are overseen by the Audit and Compliance Committee, a committee of the Board that serves as the Compliance Committee for the GNYHA companies. The GPOs' policy on Oversight and Monitoring Compliance requires that the Compliance Officer meet with the Committee on a regular basis.

Supporting Documents:

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

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?

The GPOs' policy for Communications with Employees and Reporting Potential Non-Compliance with the Code requires the GPO to protect confidentiality when appropriate and prohibits the GPO or any officer or staff member from retaliating against an individual that uses the reporting mechanism in good faith. The GPOs have numerous human resource, compliance, and other policies in place to protect employees who raise compliance issues. The Compliance Officer and human resources director are charged with the responsibility for making sure those policies are followed.

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.

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

Supporting Documents:

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

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.

Pursuant to the GPOs' policy on Oversight and Monitoring Compliance, senior management of the GPO meets at least several times a year to review and evaluate compliance issues that may arise and assess the GPO's adherence to the law and to the Code.

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.

Yes. The Compliance Officer is required to meet with the Audit and Compliance Committee regularly. The Audit and Compliance Committee and the Compliance Officer are required to make a formal report to the Board of Directors at least annually. In general, the reports describe the elements of the GPO's Compliance Program, and summarize key provisions in the Code and related policies and how they have been implemented within the relevant timeframes. Additionally, the Compliance Officer is required to report to the Audit and Compliance Committee on material compliance issues, if any, that have arisen during the relevant timeframe.

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

Supporting Documents:

- Policy #4, Oversight and Monitoring Compliance

43. How many of your GPO employees attended the Best Practices Forum in 2014? Include the name of the most senior executive who attended.

Eight employees of the GPO attended the Best Practices Forum in 2014. The most senior executive was Lee Perlman, the Chief Executive Officer.

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.

Susan C. Waltman, Executive Vice President, Legal, Regulatory, and Professional Affairs and General Counsel, is the Compliance Officer of the GPOs and is responsible for overseeing the business ethics and conduct program of the GPOs. She was appointed as the Compliance Officer by formal action of the Board of Directors. Lori R. Levinson, Senior Vice President and Deputy General Counsel, has been appointed as the Deputy Compliance Officer. Pursuant to the Code, the Compliance Officer is authorized to delegate certain functions to the Deputy Compliance Officer. Accordingly, some of the responsibilities of the Compliance Officer referenced herein may in fact be carried out by the Deputy Compliance and overseen by the Compliance Officer.

Ms. Waltman's contact information is as follows:

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With respect to questions about this report, please call Ms. Waltman, Executive Vice President, Legal, Regulatory, and Professional Affairs and General Counsel, and Compliance Officer or Lori R. Levinson, Senior Vice President and Deputy General Counsel, and Deputy Compliance Officer. Ms. Levinson's contact information is as follows:

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Supporting Documents:

- GNYHA Audit and Compliance Committee Charter