

March 11, 2025

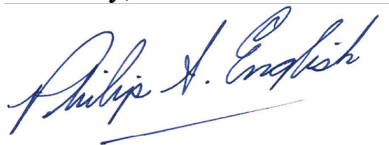
To whom it may concern:

We are pleased to release the 19th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII), reflecting our findings for the year 2025. This report reflects our independent findings based on our ongoing survey of group purchasing activities within the healthcare supply chain, conducted by our expert team at ArentFox Schiff LLP. We appreciate the cooperation of our signatory organizations which has made this survey possible.

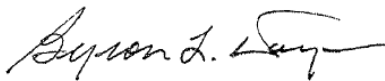
In this report we disclose how HGPII member GPOs are discharging their obligations to offer purchasing contracts and other cost saving services to healthcare providers utilizing best practices and high standards. In the process we offer our assessment of key issues facing the American healthcare marketplace. The HGPII process is structured to provide transparency to the group purchasing organization (GPO) industry, an important but traditionally overlooked component in the healthcare system.

We hope that this document will be useful in framing issues currently engaging policymakers. Since we commenced this Initiative, the supply chain has undergone significant changes, which we acknowledge. We also hope that HGPII has contributed to the ethical culture of the organizations that compete in this industry and contribute to the affordability and quality of healthcare. We welcome the guidance of all stakeholders and are grateful for the contributions and insights of suppliers, providers and experts who contributed to our process and made this report possible.

Sincerely,



Hon. Philip English



Hon. Byron Dorgan

National Co-Coordinators
Healthcare Group Purchasing Industry Initiative



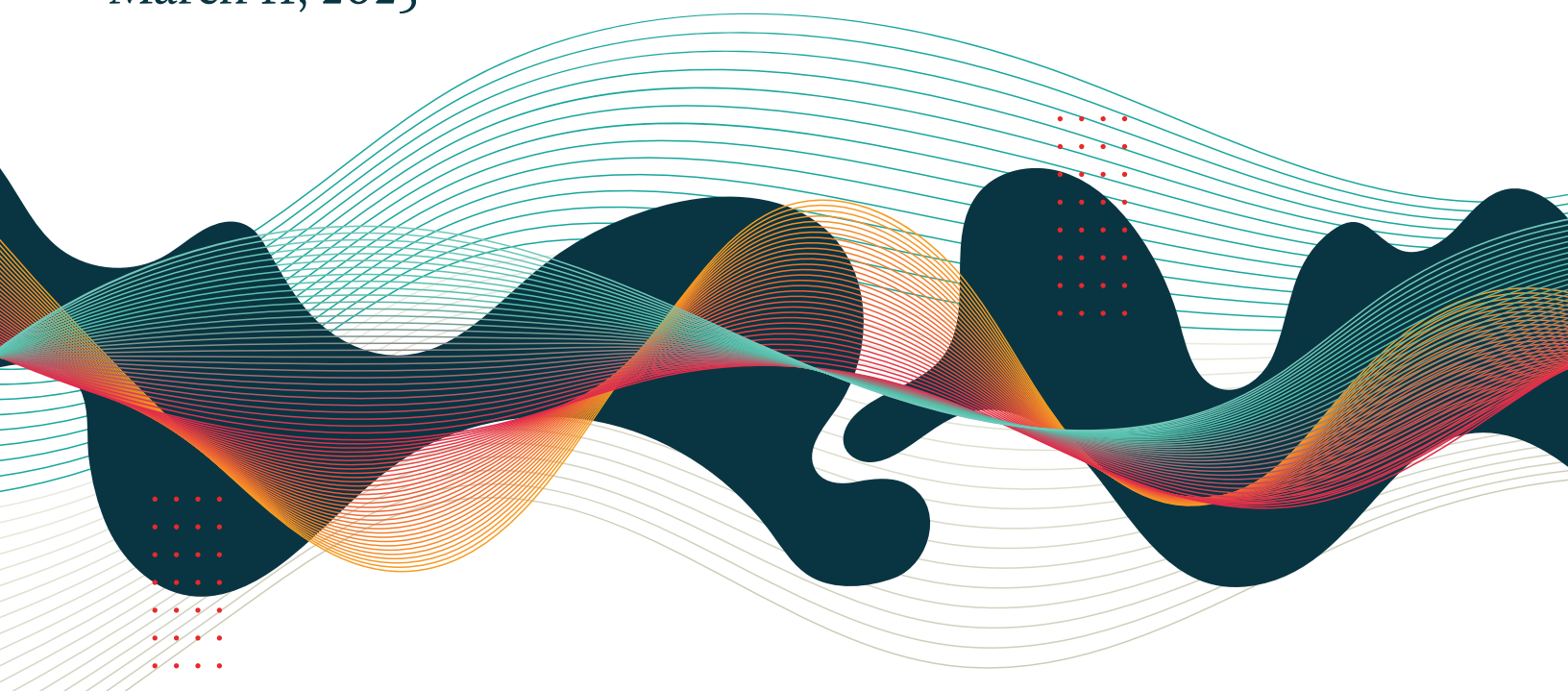
ArentFox
Schiff

HGPII Healthcare
Group Purchasing
Industry Initiative

Healthcare Group Purchasing Industry Initiative

19th Annual Report to the Public

March 11, 2025



HGPII Coordinators
The Honorable Philip English
The Honorable Byron Dorgan

HGPII Executive Director
Oliver Spurgeon III

ArentFox Schiff LLP

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Executive Summary



Executive Summary

In the last twenty years, the American healthcare system has experienced dramatic changes, reflecting advances in medical practice, technology, research and pharmacology, shifting demographics, and programmatic developments. These changes have also been reflected in an increasingly globalized healthcare supply chain and its offerings for practitioners, hospital systems and long-term care institutions serving the public. Healthcare providers have experienced new challenges in obtaining reliable and affordable products and support services for operations, and the business of contracting for these services has changed accordingly.

In the last century, healthcare group purchasing organizations (GPOs) as a distinct sector have enabled discounts and savings through shared, negotiated contracts to member hospitals, long-term care institutions and medical practices through established and often proprietary sourcing processes. These organizations have a mission of producing economies of scale for providers while lending expertise to inform better purchasing decisions. The services that GPOs provide contribute to the quality and affordability of healthcare. The standards and policies they employ have a significant impact on the healthcare supply chain itself. Their transparency and compliance methods are important considerations for health policy makers.

This 19th Annual Report of the Healthcare Group Purchasing Industry Initiative (HGPII), presents an independent survey of policies, procedures, standards, and current developments within the healthcare group purchasing industry, including an assessment of business practices, and cost related issues within the American health care supply chain. This report documents trends and assesses findings relative to the activities of healthcare group purchasing organizations (GPOs) in securing reliable and economical contracts for goods and services utilized by hospitals, nursing homes, and medical practices throughout the United States.

The report reflects an extensive survey, described below, which discloses the ongoing business activities of HGPII signatory companies and their adherence to agreed ethical principles. The survey is conducted annually by the firm of ArentFox Schiff LLP, utilizing a team of experienced professionals with health policy expertise and a working knowledge of the healthcare supply chain.

The HGPII team concludes that group purchasing organizations are providing market savings to their customers in an increasingly challenging environment. Many of these conditions reflect the aftermath of the COVID-19 pandemic, accompanying systematic retrenchment, and increased public interest in GPO activities than in the recent past.

Our survey supports the following conclusions:

- I. The healthcare supply chain continues to face massive challenges. In some areas shortages of critical supplies are possible but not always predictable, reflecting logistical snarls, fallout from natural disasters and occasionally trade disputes. These exacerbate existing conditions where there is a lack of supplier redundancy.
- II. A large part of the healthcare supply chain remains offshore. Efforts to onshore or reshore the manufacture of critical healthcare products to the domestic market have had limited effect.
- III. The use of healthcare supply stockpiles and the expansion of inventories to alleviate supply disruptions is of limited utility for many healthcare providers due to the logistical complexities and costs involved.
- IV. Every one of the HGPII signatory organizations has met all of its official obligations, reflecting industry standards, best business practices, compliance commitments, and transparency requirements.
- V. Our survey suggests that HGPII members are taking aggressive steps to instill ethical cultures within their individual organizations, with codes of conduct, regular training for key personnel, and maintaining supplier dispute resolution processes.

- VI. HGPII members support market access for innovative healthcare products and medical breakthroughs, contributing to an innovation pipeline that is critical for quality care.
- VII. GPO financing, notably in the form of administrative fees charged on contracts, continues to conform to statutory and regulatory guidelines. We have seen no evidence that GPO costs distort the medical marketplace or raise prices.
- VIII. Healthcare GPOs are demonstrating widespread interest in and growing focus on sustainability benefits in healthcare contracts, with growing competition to offer environmentally preferred products (EPP). We have seen a measurable uptick of effort in this area.
- IX. Healthcare GPOs have facilitated contracting decisions by members that actively promote diverse ownership within the supply chain.
- X. The group purchasing industry remains highly competitive, reflecting a mix of national, regional and specialized organizations offering an evolving suite of products and services.
- XI. Our survey reveals a competitive and dynamic healthcare group purchasing industry charged with supporting quality healthcare through access to affordable, innovative, and dependable products. The sector benefits from a full range of large national purchasing firms competing (and sometimes partnering) with smaller regional or specialized GPOs and even startups. Healthcare GPOs will be challenged in coming years to continue to deliver cost savings and quality to benefit patients and use the HGPII process to enforce high standards.

This report is the product of the comprehensive and member-focused HGPII process, which is managed by professionals at ArentFox Schiff LLP. This organization deploys expert practitioners including policy makers, healthcare experts, business and legal professionals, and ethics monitors to assess practices and bolster compliance with industry standards, while doing so in coordination with antitrust counsel at ArentFox Schiff. The report in the following pages represents the results of the most comprehensive annual survey of best business practices in the healthcare supply chain. It is our policy to post this report in its entirety on the HGPII website.

Special Findings: Group Purchasing Organization Adapation to an Evolving Supply Chain



Special Finding I: Group Purchasing Organization Adaptation to an Evolving Supply Chain

As the healthcare marketplace and industry conditions continue to change based upon product availability, pricing pressures, increasing demand for a plethora of affordable medical supplies, and the arrival of vertically integrated payors and pharmacy benefit managers, the nation's healthcare group purchasing organizations continue to accelerate advancements in technology, data, consulting services, and artificial intelligence to drive member value and lower costs for members and consumers. The healthcare group purchasing industry has changed substantially since the HGPII was founded almost two decades ago; however, despite the introduction of data access, cost tracking tools, and better transparency throughout the entirety of the healthcare supply chain, members of the Healthcare Group Purchasing Industry Initiative continue to focus on deploying solutions to drive down overall costs and originating models to alleviate the financial pressures facing the healthcare industry, while always maintaining access to quality products desired by providers to treat the patients they serve.

Readers of the 19th edition of the HGPII Annual Report are likely well acquainted with the COVID-19 pandemic's shortages of personal protective equipment (PPE), which led to spikes in demand and production, and higher prices as a result. Over the past year, the member GPOs of HGPII have worked with participants across the supply chain industry, academia, and policymakers to promote an investment in stockpiling preparedness and required use minimums as best practices to prevent the occurrence of shortages. The nation has faced shortages across certain categories for decades; however, the span of categories integral to the success of the healthcare group purchasing industry continues to expand (e.g., microchips, minerals, active pharmaceutical ingredients). In response to these 21st century challenges, HGPII's members are providing additional insight via their Pharmacy Teams to share insights into the availability of raw materials and active pharmaceutical ingredients. With the majority of active pharmaceutical ingredients naturally occurring abroad and imported into the U.S., HGPII's members are pursuing alternative strategies to help drive down costs and promote resilience into the supply chain. Long-term purchasing agreements for certain supplier and drugs, along with dynamic sourcing has improved partnerships with suppliers and boosted the availability of products for entities across the health care industry.

Among the changes that we have observed in recent years - and a source of concern and confusion among many healthcare advocates - is the rise of new entities that employ "group purchasing" terminology in a different context and purpose than traditional healthcare group purchasing organizations. Large pharmacy benefit managers (PBMs) have developed "group purchasing" subsidiaries that negotiate and aggregate rebates on pharmaceuticals dispensed through their PBM plans. These group purchasing "captive" entities, commonly described as "rebate aggregators," have an entirely different mission, structure, and purpose than the healthcare group purchasing participants in HGPII. They operate with limited transparency to maximize revenue and capture rebates for their corporate parent, rather than leveraging savings for participating health systems. We note that we have limited information about PBM captives because they are outside of the scope of our Initiative: we distinguish our signatories from them in form and substance.

Special Finding II: Innovation and Technology

Innovation and encouraging the arrival of new technology sit at the heart of the healthcare GPO industry. After HGPII's annual survey and deep discussion with each of HGPII's members, we found the industry continues to press for expanded access to new and innovative products. Each HGPII member promotes access to medical improvements and breakthroughs via processes that allow new suppliers to introduce novel products and technology without obstruction. The HGPII Principles encourage the promotion of innovative products and services alongside cost savings, and members have implemented those principles by enhancing access to online portals that allow entities with innovative products to offer their technology. Finally, a number of HGPII members provide access to conferences and internal evaluation committees comprised of subject matter experts to promote the arrival of new products and suppliers that have innovative items that will lower the cost of healthcare.

As a part of the internal investigation and consultation process, HGPII has documented that each signatory works to attract, identify, and make medical innovations available for their members. In consideration of the crucial role of healthcare GPOs in fostering a dynamic and affordable system, each HGPII charter signatory reaffirmed their commitment to helping address the challenge of quickly bringing new and innovative products to the market.

- With the completion of the 2024 HGPII Public Accountability Questionnaire, we found that America’s leading healthcare GPOs have developed sophisticated programming to promote the introduction of innovative products and breakthrough technologies. While the size, scale, and sophistication of these programs differ among HGPII’s membership, common themes include of the use of institutional expertise, positive member experiences, year-over-year tracking and metrics, and the use of websites and applications to promote new offerings and opportunities for contract placement.
- These organizations have also established aggressive and accessible activities to promote innovative products to their membership. These informational efforts are a source of expertise for hospitals, nursing homes, and medical practices making purchasing decisions.

Our HGPII Team has interviewed each member to review their approach to promoting innovation. The following points provide a brief description of their innovation efforts.

At Capstone, the organization remains perpetually open to vetting suppliers with new and innovative products or services. These assessments take place through the organization’s Supplier Application process that’s managed by the Contracting Team twice per month. Products and services which receive a positive response are presented to internal work groups. In addition, Capstone attends various conferences throughout the year to encourage access to innovative products. These conferences and gatherings include: Federation of American Hospitals, The IDN Summit, Health Connect Partners, and the Premier Breakthroughs conference among others.

At Vizient, the Innovative Technology Program offers vendors a year-round opportunity to request evaluation of innovative products, including a website that provides 24/7 access to Vizient’s new technology evaluation system. Vizient reviewed over seventeen hundred products and awarded more than three hundred innovative technology agreements. The organization’s Innovative Technology Exchange event was hosted in Dallas in 2023. Finally, it showcased sixty companies, and nineteen of them were chosen by council members to be offered Innovative Technology contracts.

At Premier, the Technology Breakthrough Program provides an accessible intake process that is complemented by the Technology Breakthroughs Conference. The 2024 breakthroughs conference broke records for attendance, supplier participation, and interest from potential suppliers and vendors. Interest from stakeholders in the breakthroughs conference, and in person participation, reached levels that haven’t been seen since 2019. Premier’s innovation efforts are structured to enhance access to innovative products and new technologies for its members.

At TPC, vendors are encouraged to introduce innovative products, services, and products to the organization’s staff. If the product is deemed innovative and it will yield a positive impact on quality or cost, the product is presented to TPC’s members and internal product committee for further review. TPC has latitude to enter into new contracts for technology that is differentiated and builds contingencies into contracts for the adoption of new and innovative technology or products.

Given the importance of innovation and medical breakthroughs to making impactful changes on the business models of healthcare organizations, reviewing, and placing new products is good for group purchasing organizations’ services and the broader healthcare industry.



Findings



Findings:

The 19th HGPII Annual Report showcases a healthcare group purchasing marketplace that continues to adjust in myriad ways to address shortages, boost access to critical supplies, and emphasize the need to lower costs for critical healthcare entities. Rather than focus on the post-pandemic experiences of HGPII's charter signatories, the 19th HGPII Annual Report focuses on fluctuations in cost, efforts to address supply shortages, logistical disruptions, and changes in demand for certain products or services, and the impact of these factors on onshoring/reshoring of suppliers.

HGPII's member GPO continue to wrestle with the twin challenges of global inflation and unsteady supply chains, and work to provide affordable and accessible medical supplies to boost the financial fortunes of hospitals, physician practices, Federally Qualified Health Centers, and other non-acute providers. As such, modern healthcare GPOs represented by HGPII's members are using data, technology, and machine learning to mitigate of supply issues before they become crippling for healthcare institutions. Based upon extensive interviews with the leadership of member GPOs, we find the following:

Onshoring/Nearshoring

Despite having a trove of information to sift through, most of HGPII's member GPOs did not consider themselves forecasters of shortages. Many relied on the services of their supply distributors to determine when, or if shortages, would occur. While that practice has shifted dramatically today, most, if not all, healthcare GPOs have innovated to incorporate readily available forecasting and data to ensure that healthcare facilities have a sense of any approaching shortages. This push for data has been accompanied by a nascent effort to boost domestic manufacturing in certain product categories; however, the domestic push to increase supply manufacturing in the United States is complicated by the higher cost of labor compared to non-U.S. countries with lower production costs. As a solution to higher labor costs, some member GPOs considering additional investments in domestic manufacturing have highlighted automation as a cost mitigator. Finally, in recognition of the potential higher costs associated with domestic manufacturing, several of HGPII's member GPOs have sought out countries with friendlier trade relations, rather than continue to rely on potentially unstable Chinese manufacturers of medical supplies and active pharmaceutical ingredients.

Clarifying Distinctions between PBM Rebate Aggregators vs. Traditional Healthcare Group Purchasing Organizations

The relatively recent arrival of rebate aggregator entities called "GPOs" run by pharmacy benefit managers has introduced additional complexity for HGPII's members. These PBM-owned "GPOs" do not operate with the same degree of transparency as traditional healthcare GPOs, which abide by the transparency and fee structure established by the GPO Safe Harbor to the Federal Anti-Kickback Statute. The broader lack of transparency along the supply chain (insurers, wholesalers, and PBMs) can create confusion for policymakers and industry stakeholders about the role of traditional healthcare GPOs in reducing prices and boosting supplies.

Importance of Maintaining the Statutory and Regulatory Safe Harbor for Healthcare Group Purchasing Organizations

The healthcare group purchasing organization industry is well acquainted with the three percent administrative standard instituted under the GPO Safe Harbor to the Federal Anti-Kickback Statute. As the industry has adjusted to working within the confines of the statute while still driving down costs for the healthcare industry, many of HGPII's members reported that any disruption to the GPO Safe Harbor would disrupt the industry and lead to higher costs for consumers and healthcare institutions. Some member GPOs noted that the three percent guidepost on administrative fees helps to promote competition between smaller GPOs and larger healthcare GPOs.

Other Lines of Business Beyond Core Group Purchasing Services

To provide comprehensive services to their members, HGPII's member group purchasing organizations offer a range of services touching upon education for members and suppliers, online academies and learning institutes, and virtual training

classrooms for suppliers to better understand market dynamics. Others have considered creating a vetted and verified list of consultants for industry participants to call upon in times of need. For HGPII's members, the goal has been, and continues to be, understanding their stakeholders' needs and working closely with the to provide value. Similar commitments to high-quality service have led to GPOs rolling out data platforms that enable stakeholders to access information on demand, of partnering with local vendors to support effective "Food is Medicine" initiatives in hospitals.

Examples:

- TPC offers purchasing agreements for several categories including insurance, food services, clinical maintenance, information technology services, and staffing services, among others. TPC's insurance product offerings range from life, disability, dental and vision, property, and casualty. These services are considered complementary to the organization's core group purchasing activities.
- Capstone offers the Capstone Learning Academy and the Capstone Leadership Institute, which are online learning platforms with modules that its members can access to learn about topics including the Affordable Care Act, Purchasing 101 and 201, Supply Chain 101 and 201, Finance Leadership, Compliance, and other topics. Capstone also added educational and clinical webinars for its members and learning modules for suppliers that explain how to work with Capstone and its members.

Pandemic-Era Effects

Since the 2020 edition of the HGPII Annual Report, members have weighed in about the lingering effects of the COVID-19 pandemic on healthcare group purchasing organizations. While HGPII's member GPOs operate with the lessened learned from facing pandemic-era shortages, the primary vestige of their pandemic era operations is the increased focus on data and information transparency to help healthcare entities understand when looming shortages will occur.

Drug and Supply Shortages

The extreme shortages that the healthcare supply chain industry faced in 2020 are nonexistent across most categories. However, the prescription drug category remains an area where shortages continue to occur, despite the industry's best efforts to end supply disruptions. Lingering challenges highlighted in the 17th and 18th Annual HGPII Report are still present, including workforce challenges abroad and disruptions in the manufacture and delivery of active pharmaceutical ingredients. GPOs continue to work with actors across the healthcare marketplace to harness information and data about potential pharmaceutical shortages before they occur. As shortages occur in the pharmaceutical category, HGPII's members still observe that the causes can vary widely, which makes them difficult to predict with accuracy.

In our conversations with HGPII signatories, they continue to work with stakeholders to promote transparency and implement early warning systems to predict supply shortages.

Examples:

- Capstone has established a stockpile of twenty-two items which faced shortage during the pandemic, such as gloves and gowns. This small stockpile exists for smaller or non-acute hospitals that previously had trouble accessing those products. While the stockpile exists from its creation during the COVID-19 pandemic, those products are no longer in shortage. The shortage is now in other areas of the healthcare supply chain, so the stockpile is monitored for expiration and managed by a distributor.
- Premier spends time categorizing products with clinical experts when there are shortages or alternatives, and also works with local stakeholders to survey the market for supply hoarding, scanning for best practices by other group purchasing organizations, and prompts long-term commitments and partnerships from suppliers to boost the availability of products.

Data, Technology, and Artificial Intelligence

Amid the expansion of artificial intelligence platforms and increased reliance on data and technology to lower costs for healthcare institutions, GPOs are harnessing the power of data analysis and artificial intelligence to provide value for their members. Technology continues to be a panacea to improve employee performance, lower costs, and boost productivity among healthcare group purchasing organizations. Coming out of the COVID-19 pandemic, the healthcare supply chain has benefitted from the inclusion of these new technologies that provide real-time information about the extent of supply available to GPO's members. Finally, as the cost of incorporating artificial intelligence products comes down, smaller group purchasing organizations are also beginning to create platforms tracking data points related to member inventories and potential supply bottlenecks.

Examples:

- Premier's PINC AI platform pulls data unstructured data and analyzes it to help the company understand the state of the market and available supply. It helps staff understand what points of emphasis may be missing and has also been applied to the clinical space for trials. It has successfully been used to create a virtual baseline for clinical trial participants and deployed in partnership with other companies to create virtual placebo group. This helps lower the cost of clinical trials, limits the difficulties posed by recruiting human clinical trial participants, and supports Premier's efforts to predict drug shortages.
- HealthTrust uses Valify's web-based purchased services analytics platform to help healthcare providers assess their spend, identify expenses, and benchmark costs in over 1,200 purchased services categories, leveraging general industry information, data, and advanced analytics. The platform helps generate savings on purchased services not only for HealthTrust's members, but also is made available to healthcare systems regardless of their group purchasing organization affiliation.

Federal/State Partnerships

The member organizations of HGPII maintain regular contact with policymakers at the federal, state, and local levels to ensure that they remain aware of the success, challenges, and needs of the nation's healthcare supply chain. Some of this outreach is done directly on behalf of the organizations themselves, and other engagement with policymakers interested in maintaining a healthy healthcare supply chain is done on behalf of the GPOs various members. These engagements can range from ad hoc outreach to legislators and regulators, to more formal public-private initiatives that emphasize sharing information about supply chain data, collective strategies to prevent or predict shortages, and best practices on methods to preserve needed supplies. Maintaining contact with state and federal policymakers is one of the primary ways GPOs ensure policymakers understand the dynamic nature of the healthcare supply chain. The nation's GPOs continue to share important data and on-the-ground expertise with leaders at the federal, state, and local levels to help inform policy decisions.

Examples:

- Advocate Health Supply Chain Alliance (AHSCA) regularly engages with policymakers at the state and federal levels through its Government Affairs team. These engagements include discussions on the national stockpile strategy, coordination in advance on distributions from the national stockpile, and helping the organization's members provide clinical cross references to stem supply shortages.
- TPC worked with its members to discuss and identify best practices in accessing and acquiring supplies via federal and state stockpiles to help support their critical supply needs. These best practices that were collected from members were shared with state and federal policymakers to offset the cost of shortages on health care systems.
- Vizient advised and supported policymakers to ensure a resilient healthcare supply chain. This included provided recommendations of ways to avoid shortages of needed medications and supplies, supporting FEMA's various supply chain task forces, regularly engaging with officials from the Food and Drug Administration to provide insights about supply chain disruptions, ordering and demand trends, and price changes, and talking with legislators to push for changes

that will support the financial, operational, and care-delivery needs of hospitals across the nation. As a supplement to these efforts, Vizient makes professional experts (doctors, nurses, and pharmacists) available who are skilled in hospital operations to share insights about decision-making related to supplies, equipment, and non-clinical operations.

Innovation

Each of HGPII's signatory organizations has an internal process that encourage new vendors to make novel and innovative technologies available for members as a part of their efforts to maintain best practices. As a part of the regular environmental scans for new ideas, healthcare products, and supplies, most GPOs review emerging technologies and healthcare products that will benefit their membership, expand available supply, lower costs for consumers, and improve healthcare outcomes. This is achieved in a number of ways. Some HGPII members host online portals where vendors can submit information about their new ideas, products and services, while others host regular in-person and online innovation conferences to engage potential new suppliers. Other HGPII members maintain standing committees focused on innovation that regularly review new products and supplies.

Examples:

- Vizient has a detailed process for evaluating innovative technologies, products, and services. The company's Innovative Technology Program provides vendors with a year-round opportunity to request a review of their innovative products, supplies, and services outside of Vizient's normal contracting cycle. Vizient's Innovative Technology Submission website provides around-the-clock access to any vendor that wants to request a formal review of its products and services. The submissions are reviewed to determine whether there is an incremental benefit to patient care, patient satisfaction, healthcare worker satisfaction, or the operations of healthcare organizations. Vizient offers vendors a contract if the solution is found to be additive – even if the decision is made outside of the normal contracting cycle. Since the Innovative Technology Program was created, Vizient reviewed seventeen hundred product submissions and awarded more than three hundred innovative technology agreements. Vizient routinely monitors the medical product development pipeline to identify potential innovative products, and regularly engages with its membership to understand whether potential innovative products and services are emerging in the marketplace. Finally, the organization runs an annual Innovative Technology Exchange event where vendors and its members can engage in face-to-face dialogue about improving care. The most recent Exchange event saw seventy-four unique products and services showcased, and nineteen of them were chosen to be offered Innovative Technology contracts.
- Capstone remains readily available to vet suppliers with new and innovative products or services through the organization's Supplier Application process. Applications from suppliers are all reviewed by the contracting team on a bimonthly basis, and services and products deemed beneficial to members are presented to internal working groups for review and recommendation. This process applies to any vendor that wants to present their products and services to Capstone and its membership.

Single Source Contracts

HGPII's members use a number of sourcing arrangements to ensure products and supplies are available. Members have internal oversight committees comprised of their GPO members that evaluate potential multi-source, dual source, or sole source arrangements in each particular contract category, and these committees make recommendations based on numerous conditions, including market share within the membership, product availability, pricing, service levels, and other factors. Multisource contracts are the most common across the industry and exist when products or services are readily available from multiple vendors. Single or sole source contracts represent an extremely small percentage of GPO contracting agreements. In most instances, single source GPO contracts reflect products that are new, have no generic equivalent, are viewed as similar to branded products in the case of pharmaceuticals or technology products, or have no competing vendor. Other instances for awarding sole source contracts include the lack of competing vendor responses to an RFP or when the committee determines that a single-source supplier can provide substantial member value without compromising patient health or safety, or healthcare worker safety. Sole source contracts are exceedingly rare, but HGPII members reserve the option to use additional suppliers in all categories, including single source contracts. Due to their limited and context-driven use, we see no evidence indicating single source contracts are employed inappropriately.

Conflicts of Interest

After reviewing each of the survey responses from member GPOs and conducting interviews with the organizations that submitted responses to the questionnaires, we have found that all of HGPII's signatories require robust conflict of interest policies and procedures for staff and management. The organization's members remain in compliance with HGPII's mandate to require standards that prevent potential conflicts of interest for officers, employees, and suppliers. The design, structure, and implementation of these policies are designed to prevent conflicts of interest and are outlined in the members' completed HGPII questionnaires.

HGPII members take several actions to avoid conflicts of interest, including implementing an internal compliance and verification process, and requiring conflict of interest training for key personnel. Ensuring that every member maintain conflict of interest policies is a core role of HGPII and promotes a culture of ethics from the highest-ranking executives to the newest hires within each healthcare group purchasing organization.

The HGPII charter signatories have met the respective deadline and commitments regarding conflicts of interest, including maintaining an internal process that allows conflicts of interest and other ethical violations to be reported anonymously and investigated by designated personnel.



The Role of HGPII and its Mission



The Role of HGPII and its Mission

In 2005, nine of the nation's premier group purchasing organizations (GPOs) serving the hospitals across the country formed HGPII as an independent entity to monitor, promote and develop best ethical and business practices throughout the healthcare supply chain industry. HGPII works to educate health care providers, group purchasing organizations, consumers, and policy makers about the importance of maintaining integrity, ethics, and best practices throughout the industry.

The 2025 edition of the annual report highlights charter signatories' devotion to the core principles foundational to HGPII. Each member organization has completed and submitted the annual public accountability questionnaire (PAQ), which is available on HGPII's website and detailed later in this report. By releasing updated editions of the annual report each year and publicizing it widely with healthcare stakeholders, policymakers, and the public, the healthcare group purchasing industry helps interested readers understand recent events and market dynamics impacting the healthcare group purchasing industry's adherence to fostering best practices and pursuit of a stronger healthcare supply chain.

HGPII is based in Washington, D.C. and operated by ArentFox Schiff LLP. The organization is led by former U.S. Representative, Phil English, who serves as the National Coordinator and former U.S. Senator, Byron Dorgan, who serves as the Co-Coordinator. Oliver Spurgeon III serves as the HGPII Annual Forum Program Director.

The Annual Public Accountability Report is issued annually to track the member organizations' devotion to, and use of, HGPII's six core principles of ethics and business compliance. Each year, HGPII members complete the Annual Public Accountability Questionnaire. The questionnaire ensures member GPOs detail their business practices and disclose the internal policies and procedures that promote best practices and high ethical standards. Each member company's response is made available on HGPII's website, along with a summary of the responses used to inform the Annual Public Accountability Report. This universal commitment to transparency and disclosure helps the public, policymakers, group purchasing organizations, and healthcare leaders assess HGPII members' commitment to the highest ethical standards and best business practices. After the release of the Annual Public Accountability Report in the first quarter of the year, every member of HGPII participates in the Annual Best Practices Forum during the summer months, which allows attendees to share information and best practices with policymakers and attendees from across the healthcare industry. The Annual Best Practices Forum was held in a hybrid format on June 18, 2024.

In the following pages, readers will find an overview of the primary operations of GPOs throughout the healthcare supply chain.



Methodolgy



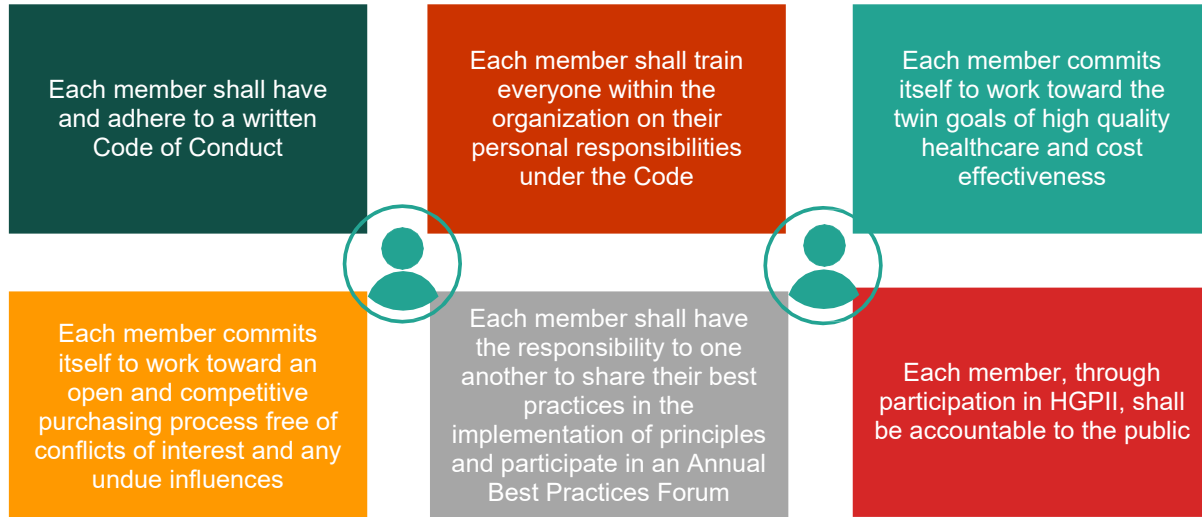
Methodology

The 19th Annual Public Accountability Report is the result of conducting comprehensive interviews and collecting written responses submitted by HGPII members during their completion of the Annual Public Accountability Questionnaire in 2024. The annual report represents the findings from the completion of comprehensive surveys detailing best practices, compliance efforts, operational standards, and ethical standards among group purchasing organizations. Each year, the questions used in the questionnaire are updated, and the responses received, allow HGPII members to better report the latest innovations, market conditions, challenges, and successes in their work. After completion of the survey by members, the HGPII team conducts follow-up interviews with each participant surveyed. This follow-up process allows the HGPII team, and organizational leadership, to discuss answers submitted by member companies about their business structure, conflict of interest policies, and views on pressing healthcare supply chain issues. These robust conversations also allow survey respondents to emphasize certain points of interest and provide additional insight into their written survey responses. Historically, two member companies are selected for annual site visits by the HGPII Coordinator and Co-Coordinator. These site visits serve as opportunity to engage with company leadership, review important documents and procedures, and assess the companies' commitment to promoting the highest ethical standards and best practices.

To provide policymakers, healthcare stakeholders, group purchasing organizations, and the public with the highest level of insight and usefulness from this year's survey, the HGPII team utilized the following processes and procedures to accomplish the project:

1. Every HGPII member receives a questionnaire consisting of more than fifty questions requiring detailed answers about of the organization's standards, business practices, employee activities, enforcement of HGPII principles, and views of the healthcare group purchasing industry.
2. After the questionnaires are received, the HGPII Coordinators and team review the responses and match responses with referenced policies.
3. The questionnaire responses remain available for review by each respondent and allow peer review by other HGPII members.
4. Each HGPII member participates in a follow-up interview with its leadership team and the HGPII Coordinators to review and provide verification of elements of the questionnaires.
5. Participating organizations may submit additional material to clarify and update their questionnaire responses that may result from inquiries posed during follow-up interviews.
6. To maximize transparency and public accountability, all responses to the questionnaires, and a profile of each member are posted for public viewing on HGPII's website at: www.hgpil.com.
7. As part of a mandatory Annual Best Practices Forum, the HGPII questionnaires are reviewed every year. All HGPII members discuss important elements of the questionnaire, implications, and improvements for the healthcare industry at large.
8. Each HGPII member is given an opportunity to review a draft copy of the Annual Report in advance of its release to the public. This allows members to provide any additional clarification or share needed comments. HGPII members are not permitted to make changes to the report; that role is strictly reserved for the independent HGPII Coordinators and the HGPII team.

To ensure adherence to the highest ethical and business practices in the industry, HGPII members committed to the following six core principles:



Participating companies update their policies and practices as needed, answer the questions in the Annual Public Accountability Questionnaire, and provide adequate documentation that permits the HGPII Coordinators to determine whether responses to the questionnaire are fairly given. It is expected that participation in HGPII is a key criterion for hospitals and other providers when they select membership in a GPO. The Steering Committee – comprised of senior executive responsible for supply chain operations from HGPII’s member GPOs – may suspend the participation of any GPO which fails to fulfill its required obligations under the Initiative.

Group Purchasing Organizations that Comprise HGPII:

Acurity Inc.

Advocate Health Supply Chain*

Capstone Health Alliance

Children’s Hospital Association

CommonWealth Purchasing Group

HealthTrust

HPS

Innovatix LLC

Premier, Inc.

TPC

Vizient Inc.

Yankee Alliance

Overview of GPOs Adherence to Ethical Standards and Best Practices



Overview of GPOs Adherence to Ethical Standards and Best Practices

After distributing the Public Accountability Questionnaires, conducting member interviews, and consulting with the HGPII charter signatories, we found that every HGPII member continues to meet the lofty ethical standards and business practices required to be a member of the organization. This across-the-board status is consistent with the long-term adherence of HGPII members to promoting best practices which foster growth, transparency and innovation in the healthcare group purchasing industry. HGPII charter signatories provide strong value and lower costs for their members despite the challenges the industry faces due to inflation and drug and supply shortages. HGPII's members continue to exceed the standards set by the organization due to the use of several foundational policies that reinforce integrity, transparency, and best practice throughout their business models. The benchmark activities that reinforce high ethical standards are itemized in the list below:

Activities that Support the Adoption of the Highest Ethical Standards

Business Structure and Conflicts of Interests: HGPII members must maintain a clear line of control in their ownership structures, including transparency regarding any parent or affiliated companies. HGPII members remain committed to limiting conflicts of interest. As such, many members have an independent Board of Directors, or another governing body, which includes representatives promoting the GPOs' customers and employees. It's very uncommon for a Board member to serve in a dual capacity as an employee, officer, or director of a participating vendor.

- By instituting accessible and transparent policies to reduce the potential for conflicts of interest with their employees and leadership, HGPII members instill a culture of achieving best practices. By requiring employees to adhere to written conflicts of interest policies and requiring employees to regularly review these policies, member GPOs reaffirm their commitment to best practices throughout their business enterprise. Employees with the ability to influence purchasing outcomes are prohibited from holding equity in participating vendor companies; and in instances where an employee has an equity stake in a participating vendor, the employee is required to disclose the relationship to the GPO. In this situation, many GPOs also require the employee to dispose of the equity stake, which removes the conflict of interest altogether. Equity disclosure requirements are also extended, required of, and applied to employees' immediate family members to remove the possibility of other conflicts of interest. While several GPOs allow employees to receive gifts of nominal value from vendors, those GPOs also require employees to report any gifts from participating vendors and limit the value of any gifts that can be received from vendors.
- Vendor Grievance Process: To provide vendors with a process to resolve disputes arising during the contract review process, every HGPII member has a vendor grievance process in place for their bids and contract awards. When compared to the significant volume of contract awards by HGPII charter signatories, the number of grievances filed against members by vendors is very small. Member GPOs use an Independent Evaluation Process to address any vendor grievances, which helps GPOs come to a decision after bid and award disputes. This process is also outlined on HGPII member websites for vendors to review.

There were no HGPII members who referred a grievance to HGPII for review and assistance over the past year. Many GPOs have developed honest and transparent relationships with vendors to help facilitate clear communication with the vendor and enhance their understanding of the contracting process. These working relationships with vendors also reduce the number of grievances filed due to defined internal processes. During this year's interviews, HGPII Members also noted that, despite their contractual relationships with vendors, any vendor who had concerns about the bid and award process had the option to take advantage of the grievance process to resolve a conflict.

- Code of Conduct: HGPII members each publicize a Code of Conduct outlining business ethics and acceptable conduct on their websites. These organizations all maintain procedures to ensure that every employee understands and meets their responsibilities under the Code. GPO employees are mandated to take courses which reinforce the materials covered in the Code. Two HGPII members require their employees to participate in refresher courses more than twice each year. Additionally, member GPOs have a procedure in place for employees to report possible violations of the Code of Conduct. Any employee who witnesses, or suspects, a violation is strongly encouraged to speak with their supervisor or a senior

official at the company about the violation.

- Reporting Potential Ethical Violations: To support a culture of ethics in their everyday operations, and to protect the identity and preserve the confidentiality of employees who report possible violations of the Code of Conduct, many GPOs allow employees to anonymously report violations through a telephone hotline, a web-based reporting system, or by emailing a secure inbox that gives the employee the option to maintain their anonymity. Violations reported through these means are investigated by the internal Ethics & Compliance Officer at the company, and every HGPII member has procedures in place to shield reporting employees from retaliatory behavior. In addition, many HGPII members we interviewed reiterated their efforts to create an ethical culture so that every employee understands their responsibility to abide by the Code of Conduct. To ensure ongoing compliance, GPOs conduct periodic training and education sessions with their senior managers and leadership.

Activities that Support the Adoption of Best Business Practices

- Administrative Fees: Most GPOs participating in HGPII earn administrative fees of less than 3% under their supplier agreements. Our review and conversations found that a small number of HGPII members exceed the 3% threshold in unique situations. Among those that earn administrative fees above 3%, the fees are associated with supplemental administrative services and similar activities. Among the GPOs that earn administrative fees above 3%, the fees are negotiated on an individual contract basis and are disclosed in compliance with federal Safe Harbor regulations.
- Payment from Vendors: GPOs accept fair market value sponsorship payments from vendors for educational programs, to participate in conferences, and to secure exhibit space at their annual membership meetings. In the instance of questions arising about these payments, member GPOs provide additional information upon request about vendor sponsorship, grants, and exhibit fees.
- Contract Bid and Award Processes: Suppliers who are interested in competing for GPO contracts can find a description of the bid and award processes on the respective company's website. Requests for Proposals (RFPs) are the most common method used by GPOs to source and review bids for contracts; however, some GPOs make their contract schedule available to prospective vendors on their company's website. This process allows vendors with unsuccessful bids to review the decision criteria used in the evaluation process upon request and limits the likelihood of grievances being filed.
- Use of Single, Sole, Dual and Multi-Source Contracts and Contracting for Related Products and Services: HGPII's members work to negotiate agreements for cost-effective products with the best value and services for their members. GPOs' decisions about contract award types are driven by the needs of their members and market conditions, and are chosen to achieve the best overall value and quality for healthcare providers. Dual and multi-sourced contracts are primarily used by HGPII members and are most common procurement outcome reported by survey respondents. Single-sourced contracts are rare among member GPOs, but do play a role in the healthcare group purchasing ecosystem. A limited number of HGPII signatories contract for multiple complementary items to receive the best value for their members. HGPII members continue to maintain transparent and clear processes to ensure such arrangements are reasonable, appropriate, and foster robust competition.
- Opportunities to Contract for Innovative Products and Services: HGPII's member GPOs are continually on the lookout to source the latest technologies, products, and services that have recently arrived in the marketplace. This process of searching for products that are new and novel benefits stakeholders across the healthcare supply chain through the arrival of new products, increased supply, and lower costs. HGPII's member GPOs also have standard processes in place, which allow them to assess vendors with promising products and services and rapidly enter into contracts at any time throughout the calendar year. The bedrock of this additive contracting process is the inclusion of uniform language into all contracts which allows them to enter a new contract, at any time, with any vendor offering an innovative product or service. Group purchasing organizations also look at a spectrum of products and communicate with a variety of vendors, regardless of whether they have an existing contract with the GPO. Finally, due to the emphasis on driving member value, HGPII's members are free to purchase non-contracted innovative products or services directly from non-participating vendors that are unaffiliated with their GPOs and do not have contracts.
- Several HGPII members host innovation expos and online conferences, which contribute to the visibility and availability of new healthcare technologies. As a holdover from the COVID-19 pandemic, these activities have expanded substantially

in recent years and enable their members to engage with vendors offering new products or services that may lead to lower costs, increased supply, or technology innovations.

- Vendor Diversity Programs: The proliferation of diversity contracting programs remains a primary avenue to create opportunities for small, minority, veteran, LGBTQ, women-owned, and other historically disenfranchised vendors who want to provide their products and services to HGPII’s member GPOs. Over the years, group purchasing organizations have developed a number of tools to expand access to contracts for disadvantaged vendors, including educational initiatives for members. The most common practices among member GPOs who want to establish contracts with underrepresented suppliers include training for procurement officials, supplier development to improve the quality of their bid submissions and awareness of internal processes, networking sessions for prospective vendors and internal officials, and growth opportunities to strengthen those relationships over time. HGPII’s smaller member that do not have the internal expertise or capabilities due to their size to manage vendor diversity initiatives partner with larger GPOs that have skilled experts working in this area to take advantage of existing development opportunities, training programs, and professional networks dedicated to promoting diversity programs. Regardless of their size, HGPII’s members are actively working to increase the number of contract opportunities for businesses owned by people from historically underserved communities.

Promoting the Use of Environmentally-Preferred Products (EPP) and Services:

Members serviced by the signatories to the HGPII charter continue to request information about the environmental attributes and carbon emission disclosures for the products they are considering purchasing. Aside from wanting additional information about the environmental attributes of the products and services they’re considering, healthcare purchasers across the country also want to know that the claims made by products are validated by independent third parties that have a track record of verifying such claims. For larger GPOs comprising HGPII’s membership, customers include support for environmentally-preferred purchasing and environmental standards in their agreements with the GPO.

The larger GPOs that are members of HGPII rely on the expertise of internal councils comprised of member representatives who can prioritize the use of products that are safer for human and environmental health. These sustainability experts leverage the size and scope of the large GPOs purchasing ability to focus on products that are safer for patients, their families, and the environment.

The use of environmentally-preferred products remains a member priority in certain categories. Because of this unique market-driven demand, GPOs are expanding access to environmentally-preferred products and services for groups across the healthcare supply chain. The organizations served by HGPII’s member GPOs continue to request environmentally-preferred products and services; however, the higher cost for some of these products can place the products out of reach for some healthcare organizations. In addition to cost, other barriers remain to accessing EPPs. Some suppliers do not offer a broad category of environmentally-preferred products despite the preference from healthcare organizations to select options among many environmentally-preferred products and comparing the cost of these options. The healthcare industry has still not settled on a broad standard for sustainability. Certain organizations like Kaiser have offered best practice models, but the wide adoption of standards to promote environmentally-preferred attributes remains a patchwork at best. HGPII’s members continue to promote the benefits of transparency and clarity for environmentally-preferred products as a part of our effort to help member GPOs broaden access to safer products for human and environmental health.

- Vizient uses an Environmental Advisory Council to drive the organization’s focus on selecting products that are environmentally friendly. The experts on the EAC have charged the organization’s members to prioritize EPP initiatives and adopt Vizient’s standardized environmentally preferred attributes and carbon emission disclosures. This comprehensive effort educates suppliers about the importance of EPP attributes, enhances incorporating EPP criteria into standard business reviews, and promotes transparency in the supplier data that is submitted to GPOs.
- The organization uses twenty-three standardized medical and surgical environmentally-preferred attributes, ranging from safer chemical utilization to waste reduction initiatives and disclosure requirements. The disclosure requirements apply

to specific product categories, including food, food service ware, cleaning chemical, organic baby care, and furniture among others. By offering a broad, yet cost-effective portfolio of over 400,000 products that contain environmentally-preferred attributes, Vizient continues to promote access to attract suppliers that report on environmental attributes during the bid process. This rate has grown dramatically from eight percent in 2017 to ninety-five percent in 2023. Vizient was the first healthcare group purchasing organization that contractually encouraged suppliers and potential suppliers to report on the environmental attributes of their products and supplies.

- Other Lines of Business Outside of the GPO Practice: Consulting and analytics are among the other services offered by member GPOs to improving their members' operational performance, reduce healthcare costs to manage inflation, and enhance clinical performance.
- GPO Use of Private Label Programs: A portion of HGPII members have developed private label programs to provide additional supply of products at predictable prices for their members. In many instances, member GPOs charge an administrative fee for these programs that equals other portfolio offerings.



Competition within the GPO Sector of the Healthcare Supply Chain



Competition within the GPO Sector of the Healthcare Supply Chain

The yearly HGPII survey helps us understand the growth changes in the industry, assess common business practices among healthcare group purchasing organizations, and determine whether a healthy amount of competition exists among the signatories to the HGPII charter. No other organization serving the healthcare group purchasing industry offers a similar assessment, and the annual survey completed by each of HGPII's members is the most comprehensive environmental scan of its kind. As such, our experts have a clear view of the market dynamics within the healthcare supply chain. Among member GPOs, substantial competition exists to provide services and supplies, as evidenced by shifts in healthcare organizations serviced by HGPII's members and efforts to continually add new services, benefits, and drive down costs.

The rise in competition among HGPII's member group purchasing organizations, and among GPOs that are not members of HGPII, continues to promote innovative approaches to service, delivery, value creation, and product offerings for healthcare purchasers. The broad array of organizations comprising HGPII's membership, which differ in geography, product offering, and headcounts, ensures a dynamic level of competition for national contracts as well as local and regional contracts. These distinctions allow organizations of all sizes throughout the group purchasing industry can bring cost savings to their customers, and ultimately, the healthcare system. Based upon the most recent interviews of HGPII members and review of their questionnaires, we confirm that robust competition still exists in the group purchasing industry.

Stakeholders, large and small, and from varying regions throughout the group purchasing industry have brought innovative technologies, harnessed data, and worked with suppliers to successfully leverage lower prices for health.



Promoting Greater Opportunities for Diverse Suppliers in the Healthcare Supply Chain



Promoting Greater Opportunities for Diverse Suppliers in the Healthcare Supply Chain

Robust vendor diversity initiatives remain a hallmark of HGPII's member offerings. From the largest healthcare GPOs that count themselves as members of HGPII to the healthcare GPOs that have a regional focus, members focus on vendor diversity is seen as an asset to promote economic development and expand business opportunities for minority, women, veteran, LGBTQ, and veteran-owned businesses offering products and services. In addition to working directly with suppliers offering a range of supplies that are essential maintaining American's health, HGPII's members also work closely with groups that certify minority, women, veteran, LGBTQ, and disability-owned businesses. These strategic partnerships help promote education, mentoring, capital access, and other important resources for potential diverse suppliers. For many years, HGPII has endeavored to create more opportunities for businesses from historically underrepresented groups. A small sampling of member initiatives includes:

- Premier's Supplier Diversity Program focuses on growing the number of underrepresented suppliers and investing where its members serve. Premier continues to track the number of diverse suppliers. This enables Premier to monitor the number of diverse suppliers and identify opportunities to pursue contracting opportunities that may benefit those diverse suppliers. Premier also hosts a Supplier Diversity Forum that highlights growing disadvantaged businesses and promotes teaming between smaller suppliers and Premier's members.
- HealthTrust's Supplier Diversity Program is focused on attending local, regional, and national trade shows held by advocacy groups to reach diverse and smaller suppliers of all types consistent with Small Business Administration designations. If a small supplier matches a business need of the HealthTrust membership and meets HealthTrust's requirements, it will be considered for inclusion in the bid process.

HGPII Activities in Calendar Year 2024



HGPII Activities in Calendar Year 2024

2024 Annual Best Practices Forum

The Seventeenth Annual HGPII Best Practices Forum was held on June 18, 2024. Roughly forty representatives from signatories to the HGPII charter and healthcare supply chain stakeholders gathered in person, while attendees and panelists participated remotely to discuss best practices. The annual gathering provides HGPII members with a chance to discuss issues that are of particular interest in the industry in areas that relate to ethics and business practices. This year's event included sessions that focused on diversity, sustainability, and business partnerships, an update on the Biden Administration's supply chain priorities, and observations from many healthcare suppliers. The event was highlighted a keynote address from Dr. Ezekiel Emanuel, who discussed sweeping changes and challenges facing the health care industry ranging from patient care to an evolving, supply chain as well as medical ethics.

Other topics and panel discussions are described below.

9:30 AM - 9:45 AM: Welcome, Introduction, and Opening Remarks

- Byron Dorgan, HGPII National Co-Coordinator
- Guy Wagner, Chairman, HGPII Steering Committee, HealthTrust
- Phil English, HGPII National Coordinator
- *Anti-trust guidance provided by Laurel LaMontagne, Associate, ArentFox Schiff

9:45 AM - 10:30 AM: Virtual Keynote Speaker: Dr. Ezekiel Emanuel, Vice Provost for Global Initiatives, the Co-Director of the Healthcare Transformation Institute, and the Diane v.S. Levy and Robert M. Levy University Professor, The University of Pennsylvania Perelman School of Medicine

A world leader in health policy and bioethics, Dr. Ezekiel Emanuel will share his thoughts about the evolving health care landscape, the importance of the group purchasing industry, and his quest to transform our health care system into a model that offers patients higher quality services at lower costs. Dr. Emanuel will also explore how leaders in Washington can promote quality care and better supply chain resiliency.

Introduction by: Byron Dorgan, HGPII National Co-Coordinator

10:30 AM - 11:30 AM: HGPII Advisory Council Interactive Presentation: (In)Civility in the Workplace – Growing Profits and Getting Along

Civility in the Workplace is a Business Imperative: The first Principle in the HGPII Charter emphasizes the importance of Codes of Business Conduct, high ethical values, and sound business practices. This presentation will highlight ethics and culture, recognizing that civility in the workplace is a business imperative while, at the same time, presenting data indicating that it is a recent concern at the highest levels of corporate leadership.

Moderator: Phil English, HGPII National Coordinator

Panelists:

- Jacqueline Brevard, Senior Advisor, GEC Risk Advisory
- Dr. John Hasnas, Executive Director, Georgetown Institute for the Study of Markets and Ethics

- Anne Nobles, Chair, Indiana University Health Foundation

11:30 AM – 12:15 PM: Sustainability Speaker: Dr. Jonathan Slutzman, Director of the Center for the Environment and Health and the Medical Director for Environmental Sustainability, Massachusetts General Hospital

As a veteran of the sustainable healthcare movement, Dr. Slutzman will share his thoughts about the environmental and financial costs of healthcare. During this conversation, Dr. Slutzman will highlight the actions that hospital and health care professionals take to promote sustainability in all building, purchasing, operational, and clinical decisions and to prioritize the environment.

Introduction by: Phil English, HGPII National Coordinator

12:15 PM - 1:00 PM: HGPII Steering Committee Panel

Leaders from the nation's most prominent group purchasing organizations will share their thoughts about the future of the supply chain industry and highlight major developments from the past year that will shape care delivery. Touching upon a range of topics, including technology innovations, supply shortages, short-term and long-term inflation, supplier diversity, and nearshoring, this session is designed to provide attendees with a broad perspective about the state of group purchasing organizations and the future of the supply chain.

Moderator: Byron Dorgan, HGPII National Co-Coordinator

Panelists:

- Guy Wagner, Chairman, HGPII Steering Committee, HealthTrust VP
- Bruce Radcliff, Premier Senior Vice President, Supply Chain Services
- John Thompson, Vizient Senior Vice President, Sourcing Operations

1:00 PM – 1:45 PM: Lunch Break and Technology Switch to the Second Session

** 1:30 PM -Pre-Recorded Regulatory Roundup runs during the break.

- Phil English, HGPII National Coordinator
- Oliver Spurgeon III, HGPII Executive Director
- Daniel Sjostedt, Government Relations Director, ArentFox Schiff

1:45 PM – 2:45 PM: HGPII Supplier Panel, Perspectives from Industry Partners

A strong healthcare system rests on the backbone of a healthy and robust supply chain. Panelists will discuss their role in promoting effective and efficient solutions to our nation's supply, price, and access challenges. During the panel, participants will discuss shortage-related topics, emphasize the value of partnerships, highlight the role of diversification, and share stories about their successes and challenges.

Moderator: Phil English, HGPII National Coordinator

Panelists:

- Kevin Nelson, Senior Vice President, Global Supply Chain & Chief Procurement Officer, BD
- Tristan Moss, Senior Director of National Accounts, Stryker

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- Edmund S. Tai, Senior Vice President, Tronex International Inc.

2:45 PM - 3:45 PM: HGPII Provider Panel, Views from the Field

Supply chain experts representing various sectors of the healthcare industry will share their thoughts about the value of a well-rounded supply chain, the ongoing complexities of supply operations, and the important role of harnessing technology to forecast demand.

Moderator: Oliver Spurgeon III, HGPII Executive Director

Panelists:

- Roxanne Wynn, MPA, Senior Director Corporate Relations & Sponsorship, Community Health Care Association of New York State
- Motz Feinberg, Vice President & Chief Supply Chain Officer, Cedars-Sinai
- Noel C. Hodges, Chief Executive Officer, South Atlantic Supply Chain, HealthTrust Supply Chain

3:45 PM - 4:00 PM: Closing Remarks

Phil English, HGPII National Coordinator



Appendices



APPENDIX A

CHARTER OF THE HEALTHCARE GROUP PURCHASING INDUSTRY INITIATIVE (HGPII)

The Healthcare Group Purchasing Industry Initiative (HGPII) was established in 2005 by the nation's nine major healthcare group purchasing organizations (GPOs). These GPOs pledged to adopt and implement a set of principles for business ethics and conduct that acknowledges and expresses their responsibilities to the public as well as to government entities which fund healthcare services in the United States.

Healthcare 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 the collection of data, facilitate an improvement of systems essential to the quality of care as well as an overall reduction of costs.

By joining HGPII, member organizations pledge to follow both a set of Core Principles established by the Initiative and to participate in an ongoing dialogue with other GPOs and various organizations, such as the Department of Health and Human Services, regarding the most effective policies and procedures for implementing these Principles.

The HGPII 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 of the HGPII 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 HGPII Coordinator that responds to the Annual Public Accountability Questionnaire (PAQ). These reports are available to the public, and are used by the HGPII Coordinator to compile a summary report on the adherence of Signatories to the Principles, as well as vowing Best Practices in fulfillment of the Principles. The PAQ captures information about each Member GPO's business practices, codes of conduct, conflict of interest policies, fee structure, bid process, and many other in- depth issue areas.

Organization

HGPII consists of a Steering Committee, a Working Group, and a HGPII Coordinator that govern the Initiative. The Steering Committee, which consists of the CEOs of all Signatory organizations, sets policies for HGPII, which are based on recommendations from the Working Group. (As the Initiative grows in size, the membership of the Steering Committee and Working Group may be limited to a representative group).

The Working Group, which consists of one designee from each Signatory organization, is responsible for working with the HGPII Coordinator on ongoing initiatives, as well as other areas related to the management of the HGPII.

The HGPII Coordinator is the day-to-day operating officer of the organization and is responsible for planning and conducting meetings, including the annual Best Practices Forum, reviewing responses to the Annual Public Accountability Questionnaire, and preparing an annual report on the adherence of Signatories to the Principles and trends in Best Practices.

The Coordinator reviews the annual questionnaires for responsiveness, completeness, and accuracy, following up with participating organizations to recommend remedial action. The Coordinator also makes 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 HGPII is open to any healthcare GPO, including those entities in which group purchasing is only one of many activities of the organization. Upon joining HGPII, members must pledge to follow the Principles, to file the Public Accountability Questionnaire annually, and to participate in the annual Best Practice Forum.

HGPII does not anticipate refusing any good faith membership application or renewals, however, it does reserve the right to refuse or suspend membership privileges for cause.

APPENDIX B

HGPII CODE OF CONDUCT PRINCIPLES

Introduction:

The Healthcare Group Purchasing Industry Initiative ("Initiative") is an independent and voluntary organization created to establish and assure implementation of the highest ethical standards and business conduct practices in the healthcare group purchasing industry. Each Signatory of the Initiative pledges to follow a set of six core ethical and business principles, to report annually on adherence to these principles using an Annual Public Accountability Questionnaire, and to participate in an Annual Best Practices Forum to discuss best ethical and business conduct practices with other GPO representatives and interested parties. The six core principles 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.

The Initiative's six core 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.

Each Signatory is committed to the full implementation of the six core principles and shall not take any action that would be contrary to its intent and purpose. Each Signatory agrees to fully comply with the mandatory Healthcare Group Purchasing Code of Conduct Principles set forth below.

The Initiative also tracks how participating Signatories implement the Healthcare Group Purchasing Code of Conduct Principles through the Initiative's annual accountability process. Each Signatory submits an Annual Public Accountability Questionnaire to provide further transparency to the public regarding how each Signatory has implemented the Healthcare Group Purchasing Code of Conduct Principles. This disclosure allows government officials and the public to assess the adequacy of each organization's ethical and business practices.

The Healthcare Group Purchasing Industry Initiative Code of Conduct Principles:

1. Each GPO shall have and adhere to a written code of business conduct. The code establishes high ethical values expected for all within the Signatory's organization.
 - a. Each GPO's distribution of code of business conduct ("Code") shall include:
 - i. Distributing the Code to all new employees during their employee orientation; and
 - ii. Making available the Code to all clinical advisory committee members, contractors, directors, agents and vendors.
 - b. Each GPO's oversight of its Code shall include:
 - i. A compliance officer to be responsible for overseeing compliance with the Code;

- ii. A compliance committee or similar committee to advise the compliance officer and assist in the implementation of the Code;
 - iii. A mechanism whereby employees can report possible violations of the Code without fear of retribution;
 - iv. A mechanism to evaluate, investigate and resolve suspected violations of the Code;
 - v. A process to monitor on a continuing basis, adherence to the Code;
 - vi. A process whereby adherence to the Code is measured in job performance;
 - vii. A process to inform its Board of Director's committee or other appropriate committee regarding its adherence to its Code and its commitment to The Healthcare Group Purchasing Code of Conduct Principles; and
 - viii. A process to continually measure and improve upon the value of the GPO's Code by evaluating best practices within the healthcare group purchasing industry.
2. Each GPO shall train all within the organization as to their personal responsibilities under the code.
 - a. Each GPO's Code training shall include:
 - i. Providing all new employees training on the Code and any applicable law; and
 - ii. Providing periodic compliance training, guidance and education on the Code and any applicable law to employees, committee members, directors, officers, and any applicable contracting agents.
3. Each GPO commits itself to work toward the twin goals of high-quality healthcare and cost effectiveness.
 - a. Each GPO's policies supporting high quality healthcare and cost effectiveness shall include:
 - i. A policy that encourages a competitive marketplace for healthcare procurement;
 - ii. A policy that encourages members to purchase future medical technology and products determined to be innovative.
 - iii. A policy that promotes the evaluation of innovative medical technology and products; and
 - iv. A policy that promotes purchase of safe medical products.
4. Each GPO commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences.
 - a. Each GPO's conflict of interest policies related to individuals shall include:
 - i. A requirement that employees in a position to influence the GPO contracting process not accept any gifts, entertainment, favors, honoraria, or personal service payments other than those of a Nominal Value from any participating vendor₁;
 - ii. A policy prohibiting its employees who are in a position to influence the GPO contracting decisions from having an Individual Equity Interest in any participating vendor₂ in the contract areas they influence;
 - iii. A policy that requires that any employee not covered under Section 4(a)(ii), and any officer, director, or a member of an advisory board of a GPO who accepts any gifts, favors, honoraria or personal services payments other than those of Nominal Value from any participating vendor to disclose such transactions to the appropriate governing body and for that individual to be recused from any negotiations or decisions related to such participating vendor;
 - iv. A policy that requires that any employee not covered under Section 4(a)(ii), officer, director, or a member of an advisory board of a GPO to disclose Individual Equity Interests in any participating vendor to the appropriate governing body and for that individual to be recused from any negotiations or decisions relating to such participating vendor; and
 - v. A policy that requires all employees, directors, officers, and members of advisory boards to disclose information regarding any conflict of interest described in its Code on at least an annual basis.
 - b. Each GPO's conflict of interest policies shall include a policy to ensure that it does not have any.

- c. Corporate Equity Interest in any participating vendor unless the acquisition of such Corporate Equity Interest demonstrably benefits the GPO's members, the GPO discloses such equity interest to its members in writing, and the GPO imposes no obligation, commitment or other requirements or restrictions that in any way obligates a member to purchase goods or services from such participating vendor.
- d. Each GPO's conflict of interest and disclosure policies related to administrative fees shall include:
- i. A policy that ensures the receipt of administrative fees from vendors do not encroach upon the best interests of the GPO's members;
 - ii. A policy that requires it to have a written agreement with each member authorizing it to act as their purchasing agent to negotiate contracts with vendors to furnish goods or services to each member;
 - iii. A policy to disclose in writing to each member or member's agent that it receives payments from participating vendors with respect to purchases made by or on behalf of such member;
 - iv. A policy that requires it annually to disclose all administrative fees received from vendors for contracting activities with respect to purchases made by the respective member; and
 - v. A policy that requires it annually to disclose all payments received from any vendor in the course of the GPO's group purchasing activities, but not allocable or otherwise reported with respect to the actual purchases of that or any other member.
- e. Each GPO's policies to ensure an open and competitive purchasing process shall include:
- i. A requirement to publicly post on its website or through other appropriate means information about its contracting process and contract opportunities;
 - ii. A policy to ensure a fair and unbiased system for evaluating healthcare products and services being considered for procurement;
 - iii. A policy that allows its members to communicate directly with all vendors and evaluate their products, regardless of whether the vendor has a contract with the GPO;
 - iv. A policy that allows its members to purchase medical products from vendors that do not contract with the GPO;
 - v. A policy that establishes a vendor grievance procedure;
 - vi. A policy to ensure the appropriate use of bundling, length of contracts, and sole or dual source contracts; and
 - vii. A policy that promotes diversity among vendors to small, women and minority-owned vendors.
6. Each GPO shall be accountable to the public.
- a. Each GPO's responsibilities shall include:
- i. Ensuring its CEO and Compliance Officer annually certify to the Initiative that it is in compliance with The Healthcare Group Purchasing Code of Conduct Principles;
 - ii. Submitting its response to the Initiative's Annual Public Accountability Questionnaire on a timely basis; and
 - iii. Ensuring its CEO and Compliance Officer annually certify to the Initiative that these individuals have reviewed and approved the GPO's Public Accountability response.

APPENDIX C

LIST OF MEMBER ORGANIZATIONS AND CONTACTS

Children's Hospital Association

ATTN: Terri Wilson
16011 College Blvd.,
Suite 250
Lenexa, KS 66219
Tel: (913) 262-1436
www.childrenshospitals.org

Innovatix, LLC

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

Premier, Inc

ATTN: Bruce Radcliff
13034 Ballantyne Corporate Place
Charlotte, NC 28277
Tel: (877) 777-1552
www.premierinc.com

Capstone Health Alliance

ATTN: Mark Landau
PO Box 130
Fletcher, NC 28732
Tel: (828) 418-5050
www.capstonehealthalliance.com

Acurity, Inc. (formerly GNYHA)

Effective February 2020, Acurity has been acquired
by Premier.
Contact Premier for information.

Advocate Health

ATTN: Conrad Emmerich
2939 W Montana Street
Milwaukee, WI, 53215
Tel: (414) 647-6215
www.advocatehealthsupplychainalliance.org

TPC

ATTN: Roger Nolan
5700 Granite Parkway, Suite 900
Plano, TX 75024
Tel: (469) 366-2100
www.tpci.com

Vizient, Inc. (including MedAssets)

ATTN: John Thompson
290 East John Carpenter Fwy
Irving, TX 75062
Tel: (972) 581-5000
www.vizientinc.com

Yankee Alliance

ATTN: Amy Campbell
138 River Road
Andover, MA 01810-1083
Tel: (978) 470-2000
www.yankeealliance.com

Healthtrust Performance Group

ATTN: Edward Jones
1100 Dr. Martin L King Jr Blvd, Suite 1100
Nashville, Tennessee 37203
Tel: (615) 344-3000
<http://healthtrustpg.com>

HPS

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

Commonwealth Purchasing Group

ATTN: Rich Napolitano
40 Court Street – 10th Floor
Boston, MA 02108
Tel: (617) 834-7121
www.cwpurchasing.com

APPENDIX D

2024 HGPII STEERING COMMITTEE MEMBERS

GUY WAGNER, STEERING COMMITTEE CHAIR

Senior Vice President
HealthTrust Performance Group
1100 Dr. Martin L King Jr Blvd
Suite 1100
Nashville, Tennessee 37203
Tel: (615)344-3000

Edward Jones

President and Chief Executive Officer
HealthTrust Performance Group
1100 Dr. Martin L King Jr Blvd
Suite 1100
Nashville, Tennessee 37203
Tel: (615) 344-3000

Amy Campbell

Chief Operating Officer
Yankee Alliance
138 River Rd,
Andover, MA 01810
Tel: (978) 470-2000

John Thompson

Executive Vice President
Vizient
290 E. John Carpenter Freeway
Irving, TX 75062
Tel: (972) 830-6398

Bruce Radcliff

Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5251

Mike Alkire

Chief Operating Officer
Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5251

APPENDIX E

2024 HGPII WORKING GROUP MEMBERS

Rob Arreola

Chief Legal Officer & General Counsel
HealthTrust Performance Group
1100 Dr. Martin L King Jr Blvd Suite 1100
Dr. Martin L King Jr Blvd Suite 1100
Nashville, Tennessee 37203
Tel: (615) 344-3000
Email: Rob.Arreola@healthtrustpg.com

Terri Wilson

Vice President of Pharmacy
Children's Hospital Association
16011 College Blvd., Suite 250
Lenexa, KS 66219
Tel: (913) 262-1436
Email: terri.wilson@childrenshospitals.org

Alan Sauber

Chief Ethics and Compliance
Officer Premier, Inc.
13034 Ballantyne Corporate Place
Charlotte NC 28277
Tel: (704) 816-5253
Email: Alan.Sauber@PremierInc.com

Tonya Goad

Ethics and Compliance Officer HealthTrust
Performance Group 1100 Dr. Martin L King Jr
Blvd Suite 1100
Nashville, Tennessee 37203
Tel: (615) 807-9505
Email: Tonya.Goad@healthtrustpg.com

Shoshana Krilow

Vizient
Senior VP of Public Policy & Government Relations
290 E. John Carpenter Freeway
Irving, TX 75062
Tel: (800) 842-5146
shoshana.krilow@vizientinc.com

APPENDIX F

2024 PUBLIC ACCOUNTABILITY QUESTIONNAIRE



2024 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2023.
Please return your response to jeri.freirich@afslaw.com no later than June 3, 2024.

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 entities 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 Diverse Vendors (small, women-owned, veteran owned, minority-owned). Explain how you promote or market those programs to the GPO's membership and to Diverse Vendors.
35. Has the GPO increased contracting with Diverse Vendors over the prior year(s)? If so, quantify these increases within each Diverse Vendor category (SBE, WBE, VBE, and/or MBE).
36. Does the GPO have a Vendor Diversity Committee or other program or group for developing diversity goals and expanding opportunities? If so, describe. What is its mission, goals, and objectives? Does it work directly with the GPO's sourcing team in developing its goals and expanding opportunities? What are the Committee's significant achievements over the GPO's last fiscal year? If it is a Committee, who are its members and how frequently does it meet?
37. Does the program described in the previous question provide education to member health systems regarding diversity program best practices and/or how to establish a Vendor Diversity Program within their system? Does it solicit member feedback to ensure it is meeting member expectations?
38. Describe any other actions concerning Vendor Diversity you think are important that are not covered by the preceding questions.

ENVIRONMENTALLY-PREFERRED PRODUCTS AND SERVICES

39. Have members of your GPO expressed a preference for environmentally-preferred products and services?

40. Describe your GPO's approach in identifying and satisfying the desires of your various members for environmentally-preferred products and services. Provide examples of environmentally-preferred products and services within your current portfolio.
41. What challenges, if any, have you experienced in identifying or contracting for working a variety of environmentally-preferred products and services to your members? How have you responded to such challenges?
42. Has your GPO designated someone to:
 - Identify your GPO's environmentally-preferred objectives;
 - Explore environmentally-preferred products and services; and/or
 - Develop initiatives to help educate your members about the value of using environmentally-preferred products and services?
43. Please describe your organization's role in educating, advising, and supporting the adoption of Environmentally Preferred Purchasing among your members, including the availability of websites, catalogues, toolkits, or webinars?

CODE OF CONDUCT

44. Provide a copy of and an electronic link to your GPO's written code of business ethics and conduct. Describe any changes made to it from the previous HGPII reporting year.
45. 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.

COVID-19 Response

46. With the onset of the COVID-19 pandemic many healthcare providers experienced shortages of critical supplies and equipment due to disruptions in the supply chain. In response, how did your organization assist its members in assessing the quality and reliability of supplies? Specifically, what role did your organization play in vetting new and previously unknown supply chain sources, especially within the so-called Grey Market?
47. Please describe your organization's role in advising and supporting federal and state policy makers in managing the healthcare supply chain during the pandemic, including cooperation with federal and state stockpiles?
48. As a response to pandemic related challenges and supply chain disruptions, what technology services and IT products did your organization provide to members and their patients? What information and best practices services did you provide to the public?
45. 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

46. 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?
47. 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.
48. 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.
49. 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.
50. How many of your GPO employees attended the most recent Best Practices Forum? Include the name of the most senior executive who attended.
51. 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 G

2024 Annual Best Practices Forum

The Seventeenth Annual HGPII Best Practices Forum was held on June 18, 2024. Roughly forty representatives from signatories to the HGPII charter and healthcare supply chain stakeholders gathered in person, while attendees and panelists participated remotely to discuss best practices. The annual gathering provides HGPII members with a chance to discuss issues that are of particular interest in the industry in areas that relate to ethics and business practices. This year's event included sessions that focused on diversity, sustainability, and business partnerships, an update on the Biden Administration's supply chain priorities, and observations from many healthcare suppliers. The event was highlighted a keynote address from Dr. Ezekiel Emanuel, who discussed sweeping changes and challenges facing the health care industry ranging from patient care to an evolving, supply chain as well as medical ethics.

Other topics and panel discussions are described below.

9:30 AM - 9:45 AM: Welcome, Introduction, and Opening Remarks

- Byron Dorgan, HGPII National Co-Coordinator
- Guy Wagner, Chairman, HGPII Steering Committee, HealthTrust
- Phil English, HGPII National Coordinator
- *Anti-trust guidance provided by Laurel LaMontagne, Associate, ArentFox Schiff

9:45 AM - 10:30 AM: Virtual Keynote Speaker: Dr. Ezekiel Emanuel, Vice Provost for Global Initiatives, the Co-Director of the Healthcare Transformation Institute, and the Diane v.S. Levy and Robert M. Levy University Professor, The University of Pennsylvania Perelman School of Medicine

A world leader in health policy and bioethics, Dr. Ezekiel Emanuel will share his thoughts about the evolving health care landscape, the importance of the group purchasing industry, and his quest to transform our health care system into a model that offers patients higher quality services at lower costs. Dr. Emanuel will also explore how leaders in Washington can promote quality care and better supply chain resiliency.

Introduction by: Byron Dorgan, HGPII National Co-Coordinator

10:30 AM - 11:30 AM: HGPII Advisory Council Interactive Presentation: (In)Civility in the Workplace – Growing Profits and Getting Along

Civility in the Workplace is a Business Imperative: The first Principle in the HGPII Charter emphasizes the importance of Codes of Business Conduct, high ethical values, and sound business practices. This presentation will highlight ethics and culture, recognizing that civility in the workplace is a business imperative while, at the same time, presenting data indicating that it is a recent concern at the highest levels of corporate leadership.

Moderator: Phil English, HGPII National Coordinator

Panelists:

- Jacqueline Brevard, Senior Advisor, GEC Risk Advisory
- Dr. John Hasnas, Executive Director, Georgetown Institute for the Study of Markets and Ethics
- Anne Nobles, Chair, Indiana University Health Foundation

11:30 AM – 12:15 PM: Sustainability Speaker: Dr. Jonathan Slutzman, Director of the Center for the Environment and Health and the Medical Director for Environmental Sustainability, Massachusetts General Hospital

As a veteran of the sustainable healthcare movement, Dr. Slutzman will share his thoughts about the environmental and financial costs of healthcare. During this conversation, Dr. Slutzman will highlight the actions that hospital and health care professionals take to promote sustainability in all building, purchasing, operational, and clinical decisions and to prioritize the environment.

Introduction by: Phil English, HGPII National Coordinator

12:15 PM - 1:00 PM: HGPII Steering Committee Panel

Leaders from the nation's most prominent group purchasing organizations will share their thoughts about the future of the supply chain industry and highlight major developments from the past year that will shape care delivery. Touching upon a range of topics, including technology innovations, supply shortages, short-term and long-term inflation, supplier diversity, and nearshoring, this session is designed to provide attendees with a broad perspective about the state of group purchasing organizations and the future of the supply chain.

Moderator: Byron Dorgan, HGPII National Co-Coordinator

Panelists:

- Guy Wagner, Chairman, HGPII Steering Committee, HealthTrust VP
- Bruce Radcliff, Premier Senior Vice President, Supply Chain Services
- John Thompson, Vizient Senior Vice President, Sourcing Operations

1:00 PM – 1:45 PM: Lunch Break and Technology Switch to the Second Session

** 1:30 PM -Pre-Recorded Regulatory Roundup runs during the break

- Phil English, HGPII National Coordinator
- Oliver Spurgeon III, HGPII Executive Director
- Daniel Sjostedt, Government Relations Director, ArentFox Schiff

1:45 PM – 2:45 PM: HGPII Supplier Panel, Perspectives from Industry Partners

A strong healthcare system rests on the backbone of a healthy and robust supply chain. Panelists will discuss their role in promoting effective and efficient solutions to our nation's supply, price, and access challenges. During the panel, participants will discuss shortage-related topics, emphasize the value of partnerships, highlight the role of diversification, and share stories about their successes and challenges.

Moderator: Phil English, HGPII National Coordinator

Panelists:

- Kevin Nelson, Senior Vice President, Global Supply Chain & Chief Procurement Officer, BD
- Tristan Moss, Senior Director of National Accounts, Stryker
- Edmund S. Tai, Senior Vice President, Tronex International Inc.

2:45 PM – 3:45 PM: HGPII Provider Panel, Views from the Field

Supply chain experts representing various sectors of the healthcare industry will share their thoughts about the value of a well-rounded supply chain, the ongoing complexities of supply operations, and the important role of harnessing technology to forecast demand.

Moderator: Oliver Spurgeon III, HGPII Executive Director

Panelists:

- Roxanne Wynn, MPA, Senior Director Corporate Relations & Sponsorship, Community Health Care Association of New York State
- Motz Feinberg, Vice President & Chief Supply Chain Officer, Cedars-Sinai
- Noel C. Hodges, Chief Executive Officer, South Atlantic Supply Chain, HealthTrust Supply Chain

3:45 PM - 4:00 PM: Closing Remarks

- Phil English, HGPII National Coordinator

APPENDIX H

HGPII 2024 Forum Attendee Directory

*Yellow indicates in-person attendance

First Name	Last Name	Company
Laura	Eugster Doyle	ArentFox Schiff
Daniel	Sjostedt	ArentFox Schiff
Kelsey	Griswold-Berger	ArentFox Schiff
Kevin	Nelson	BD
Jacqueline	Brevard	Brevard Consulting
Natalie	Torentinos	Children's Hospital Association
Katie	Williams	Conductiv
John	Hasnas	Georgetown University
Guy	Wagner	HealthTrust
Jennel	Lengle	HealthTrust
Jennifer	Westendorf	HealthTrust
Robert	Arreola	HealthTrust
Breanne	Sergent	HealthTrust
Brian	Moran	HealthTrust
Kim	Allen	HealthTrust
Jessica	Daley	Premier
Justin	Schneider	Premier
Tristan	Moss	Stryker
Edmund	Tai	Tronex International, Inc.
Margaret	Steele	Vizient
Chad	Mitchell	Vizient
Rebecca	Gayden	Vizient
John	Thompson	Vizient
Caryn	Staib	Vizient
Scott	Grubenhoff	Vizient
Mellissa	Nguyen	Vizient
Kyle	Hoelting	Vizient
Nikola	Markoski	Vizient
Lauren	West	-
Tom	Kennedy	-
Brian	Hall	Brian Hall
Tabitha	Calloway	Capstone Health Alliance
Hope	Childers	Capstone Health Alliance
Mark	Landau	Capstone Health Alliance

Ryan	Maccubbin	Capstone Health Alliance
Fred	Pane	Capstone Health Alliance
Anita	Zado	Capstone Health Alliance
Yolandi	Myers	Capstone Health Alliance
Angie	Edwards	Capstone Health Alliance
Dina	Bassett	Capstone Health Alliance
Nadine	Black	Capstone Health Alliance
George	Taulia	Capstone Health Alliance
Jackie	Dula	Capstone Health Alliance
Terri	Wilson	Children's Hospital Association
Trevor	Sell	Children's Hospital Association
Joe	Thackerson	Conductiv
Melia	Moore	Conductiv
Anthony	Montagnolo	Conductiv
Aimee	Jackson	Conductiv
Chrissah	Glenn	Conductiv
Mike	Boggs	Dominion Prosthetic and Orthotic Purchasing Group
Angie	Boliver	Healthcare Supply Chain Association
Allen	Hamilton	Healthcare Supply Chain Association
Tonya	Goad	HealthTrust
Kevin	Davis	HealthTrust
Jocelyn	Bradshaw	HealthTrust
Allen	Wright	HealthTrust
Howell	Arnold	HealthTrust
Abigail	Merryman	HealthTrust
Thomas	LaPres	HPS
MICHELLE	PLEINESS	HPS
Nathan	Stock	HPS
David	Hubbard	PINC
Anita	Mouroutsos	Premier
Jennifer	Flynn	Premier
Bruce	Radcliff	Premier
Donna	Craft	Premier
Deb	Ireton	Premier
Sharon	Roberts	Premier
Samantha	Tracy	Premier
Jeff	Schreur	Premier
Barbara	Anderson	Premier
David	Brown	Premier

Leann	Spadaro	Premier
Adam	Bain	Premier
Michele	Sines	Premier
Peter	Beshara	Premier
Aimee	Gallo	Premier
David	Long	Premier
Melanie	Proctor	Premier
Chris	Cantagallo	Premier
JOAN	RALPH	Premier
Pamela	Daigle	Premier
Maria	McGraw	Premier
Ken	Thorne	Premier
Karen	Niven	Premier
Frank	Searl	Premier
Kyle	MacKinnon	Premier
Meghan	Reasons	Premier
Lizzy	Foley	Premier
Kimberly	Diewald	Premier
Allyson	Easterling	Premier
Jameson	Edwards	Premier
Robert	Karcher	Premier
Soumi	Saha	Premier
Shannon	Deleur	Premier
Avery	Sigmon	Premier
Christa	Britt	Premier
Deborah	Fisher	Premier
Amy	Monroe	Premier
Ashley	Kenley	Premier
Mike	Nguyen	Premier
Kelli	Cabuno	Premier
John	Schmieg	Premier
Allison	Treanor	Premier
Tracie	Opitz	Premier
Sean	Heierman	Premier
Monica	Tennison	Premier
Zach	Mazoch	Premier
Demetrius	Wallace	Premier
Chad	Connelly	Premier
Tim	Smith	Premier
Daryl	Peck	Premier

Matthew	Colangelo	Premier
Calvin	Hamilton	Premier
Kevin	Hansen	Premier
Matthew	Smith	Premier
Connor	Pierce	Premier
Allison	Wallace	Premier
Sammy	Harper	Premier
Liz	Hargett	Premier
Leslie	Johnson	Premier
Alan	Sauber	Premier
Hailey	Blum	Premier
Jill	Jenkins	Premier
Anna	Ormiston	Premier
Shelley	Scavo	Premier
Matthew	Benton	Premier
Chee	Chen	Premier
Sheila	Patel	Premier
Robert	Biagi	Premier
Angie	Miller	Premier
Brenna	Roman	Premier
Brittany	Lann	Premier
Nick	Dykema	Premier
Katherin	Hoegy	Premier
Leila	Tibi-Scherl	Premier
Roger	Nolan	TPC
Kelly	Love	TPC
Beth	Graefe	TPC
David	Shamlin	TPC
David	Berry	Vizient
Bonnie	Lai	Vizient
Cristina	Indiveri	Vizient
Chris	McDown	Vizient
Rodney	Waller	Vizient
Molly	Zmuda	Vizient
Todd	Senard	Yankee Alliance
Jillian	Jalbert	Yankee Alliance
Betsy	Mayo	Yankee Alliance
Chris	Karski	Yankee Alliance
Nicholas	Cross	Yankee Alliance
Matt	Murphy	Yankee Alliance

Shanti	Beglane	Yankee Alliance
Susan	A Milner	Yankee Alliance
Jesse	Gonzalez	Yankee Alliance
Heidi	Budd	Yankee Alliance
Duane	Bragg	Yankee Alliance
Robert	Ritchie	Yankee Alliance

APPENDIX 1

HGPII Independent Evaluation

PURPOSE

HGPII, as well as the individual member GPOs, actively promote the use of competitive contracting processes to maximize value and quality to GPO members ensuring 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 an effort to provide vendors with a forum to voice complaints regarding award decisions, each GPO, as a condition of its membership in HGPII, 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, they may request an independent and unbiased third-party evaluation through the HGPII Independent Evaluation (HGPII Evaluation).

It is important to note the HGPII 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 HPGII 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 HGPII EVALUATION

In order to facilitate the HGPII Evaluation and ensure independency, HGPII 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.

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:
 - The Vendor's executed agreement relative to HGPII Evaluation in the form attached;
 - The names, addresses and telephone numbers of the parties and their representatives;
 - A copy of the decision rendered by the GPO at the conclusion of its formal grievance process;
 - An executed Confidentiality Agreement
 - 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, ensure 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.
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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 an 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 timelines 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 an 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 an RFP or through a New Technology Process.

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

APPENDIX J

BIOGRAPHIES OF THE HGPII ETHICISTS

John Hasnas, JD/LLM, Associate Professor of Business at the McDonough School of Business at Georgetown University

John Hasnas is a professor of business at Georgetown's McDonough School of Business, a professor of law (by courtesy) at Georgetown University Law Center and the executive director of the Georgetown Institute for the Study of Markets and Ethics. Professor Hasnas has held previous appointments as associate professor of law at George Mason University School of Law, visiting associate professor of law at Duke University School of Law and the Washington College of Law at American University, and Law and Humanities Fellow at Temple University School of Law. Professor Hasnas has also been a visiting scholar at the Kennedy Institute of Ethics in Washington, DC and the Social Philosophy and Policy Center in Bowling Green, Ohio. He received his B.A. in Philosophy from Lafayette College, his J.D. and Ph.D. in Legal Philosophy from Duke University, and his LL.M. in Legal Education from Temple Law School.

Anne Nobles, JD – Chair, IU Health Foundation

Anne retired in 2012 from Eli Lilly and Company, where she worked for over 22 years in a variety of senior leadership roles throughout the company. Most recently, she served as Senior Vice President for Enterprise Risk Management and Chief Ethics and Compliance Officer. While at Lilly, Anne served as vice chair of the board of directors of the Ethics and Compliance Officers Association. In 2012, she recommended to PhRMA, the pharmaceutical industry's trade association, that it provide a forum to discuss the industry's compliance expectations. PhRMA did so and asked Anne to chair this first Chief Compliance Officers Working Group.

Since retirement, Anne has lectured on ethics at business schools across the country and served as a consultant on education issues. She has been a member of the Indianapolis City-County Ethics Commission since 2016, as an appointee of Mayor Joe Hogsett.

Anne has been a member of the board of directors of Indiana University Health since 2011. IU Health is a nationally recognized comprehensive health system comprised of hospitals, physicians and allied services and a unique partnership with IU School of Medicine. From 2014- 2018, Anne served as chair of the board of directors.

Since 2000, Anne has served first as a trustee and later as a director of Citizens Energy Group, a public charitable trust providing water, wastewater, natural gas, steam and chilled water utilities to customers in Indianapolis. She has been vice chair of the board since 2012 and was elected chair for a term beginning in January 2020.

Anne has volunteered extensively for community organizations beginning in 1991 and continuing to the present. Today, she chairs the IU Health Foundation and serves as co-chair of the Indianapolis Prize for Conservation, the largest such prize in the world. She has served as a trustee of The Indiana Chapter of The Nature Conservancy since 2013. She completed a two-year term as chair in 2019.

Anne has dedicated significant time to her church, Second Presbyterian in Indianapolis, where she is serving a three-year term as an elder beginning in 2018. She was elected by the 3500- member congregation as one of twelve members to serve on the pastor nominating committee which spent more than a year reviewing candidates and then selecting the senior pastor for the church. Today, she is involved in the congregation's strategic planning efforts.

Anne graduated from Harvard College summa cum laude an A.B. in Anthropology, with a focus on Archaeology. She earned a A.M. from Harvard's Graduate School of Arts and Sciences in Anthropology with a focus on Archaeology. She graduated from Georgetown University Law School magna cum laude and served on the Georgetown Law Journal for two years and an editor of the Journal for one year.

Anne and her husband David Johnson live in Indianapolis and have one daughter Catherine.

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

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.

She is a Program Director for The Conference Board, a member of the Adjunct Faculty at New York University, and a member of the Faculty at the Ethics and Compliance Initiative, specializing in innovative risk management techniques. She is an Ethisphere *2009 100 Most Influential People in Business Ethics*.

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 and Compliance Program for a top-tier global pharmaceutical company, driving Merck & Co. to a leadership position in organizational ethics and compliance and setting the standard that others would follow years later. She has more than 20 years' experience in the corporate ethics and compliance field, as Merck's Ethics and Compliance Program and Ombudsman Program were consolidated under Ms. Brevard who reported regularly to Merck's Executive Committee and the Board. Ms. Brevard also has more than 15 years' experience as an international transactional attorney having completed projects, during her tenure at Merck, in Latin America, Asia-Pacific, Central and Eastern Europe, the Middle East and Africa.

She is Chair of the Board of the International Business Ethics Institute, a member of the Advisory Board of the Institute for Ethical Leadership at Rutgers University, and a member of the Advisory Board of the Healthcare Group Purchasing Industry Initiative (HGPII).

Ms. Brevard has also served on the Board of Directors of the Ethics and Compliance Initiative and is Vice Chair *Emeritus* of the organization. She is a Founding Fellow of the Ethics Research 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 ECI conferences, Compliance Week, Practicing 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.

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.

