



Contracting with CHCA

*Policies and Procedures for
Contracted Vendors*

CHILD HEALTH CORPORATION OF AMERICA POLICIES AND PROCEDURES FOR CONTRACTED VENDORS

INTRODUCTION:

Child Health Corporation of America (CHCA) has ethical and legal responsibilities to maintain the confidence of the Participating Hospitals, the regulatory authorities and the public markets as well as to protect confidential and proprietary information as valuable assets developed by or entrusted to it. CHCA employees and contracted temporary staff as well as non-employee Officers, Directors and forum participants are responsible for ensuring that CHCA complies with the HSCA Code of Conduct Principles, adheres to those principles and abides by the conflict of interest and other related guidelines, policies and procedures summarized in the CHCA Code of Conduct and Compliance Program. As an alliance committed to making a difference in the quality of healthcare in the communities that our Participating Hospitals and facilities serve, we want to ensure not only that the people who visit these healthcare providers receive outstanding service, but that we also continually improve upon what we provide. We want to help our Hospitals deliver the best care possible, which is safe, effective and efficient as well as cost effective. Just as CHCA has set high expectations on business conduct for employees to ensure that we can achieve our challenging objectives, we are doing the same for suppliers. We want our relationship with suppliers to be mutually beneficial and rewarding. Likewise, we believe our suppliers have a right to expect CHCA to act appropriately as well. This compilation of CHCA Policies and Procedures provides guidance to both prospective and contracted suppliers regarding these expectations so that our mutual relationship will be a successful and profitable one.

SUBJECT: Contract Status Calendar and Notification of Awards

PURPOSE: To establish a monitoring process for vendors who are interested in participating in CHCA's contracting process to be able to identify expiring contracts and contracts in process in one document.

POLICY: CHCA will maintain and update quarterly a Contract Status Calendar. This document will include the following:

- **Date of Notification:** The date CHCA was made aware of the opportunity.
- **Purpose:** The reason contract is being listed, i.e. expiration date, new opportunity.
- **Service Line:** The potential contract will be categorized by market type.
- **Product Category:** The potential contract will be identified by its product type.
- **Status:** The phase of the contract process in which the potential contract lies will be identified.

This Contract Status Calendar will be made available to all vendors and prospective vendors via the CHCA website, www.chca.com. A request may also be made via phone, fax, email, or written request. CHCA aims to provide the Contract Status Calendar within 7 business days of request. Inquiries should be directed to the GPS, Contract Manager at traci.parsons@chca.com.



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SUBJECT: Disclosure of Requirements to be a Responsible Vendor

PURPOSE: To establish eligibility criteria for vendors who are interested in contracting with CHCA.

POLICY: CHCA will consider contracting with all vendors who are able to comply with the following list of Rights and Responsibilities:

Vendors have the right to:

1. Receive an equitable and impartial due diligence process.
2. Receive all information necessary to offer a competitive agreement.
3. Have all information exchanged throughout the contract and negotiation stage kept confidential.
4. Receive a timely and accurate evaluation of their proposal.
5. Expect that no CHCA employee will use his/her purchasing authority for personal gain.
6. Receive an extension to the proposal date if an extension is offered to any other competitor.
7. Receive prompt notification of any contract decisions.
8. Be treated with honesty and good faith during the bidding process and during any subsequent contract negotiations to reach a mutually agreeable settlement.

Vendors have the responsibility to:

1. Provide accurate and fair bids based on job objectives and specifications.
2. Strive to provide the maximum value for each dollar of expenditure.
3. Honor CHCA's Code of Conduct in the conduct of business with CHCA.
4. Conduct business honestly, in good faith and devoid of intentional misrepresentation.
5. Act honestly in sales representations whether offered verbally, in written statements, advertisements, sample products or descriptions of services to be provided.
6. Meet all deadlines for submission of contract information and to promptly provide additional information about the potential contract if requested by CHCA.
7. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement.
8. Have the financial and personnel resources to provide the products or services promised.

All vendors wishing to obtain a contract with CHCA must first meet and agree to the rights and responsibilities as outlined in this policy prior to submitting any requests for contracting. Vendors agreeing to all the rights and responsibilities are then eligible to submit and/or contact CHCA about contracting. Inquiries should be directed to the GPS, Contract Manager at traci.parsons@chca.com.

SUBJECT: Criteria to Promote Equality in Consideration for Potential Contracts

PURPOSE: To establish a process and objective criteria for vendors who are interested in contracting with CHCA.

POLICY: CHCA will facilitate the introduction of innovative medical technology, products, and services that are designed to help hospitals, healthcare providers, and other healthcare organizations improve quality and reduce costs. Quality controls in manufacturing, regulatory compliance, customer service, delivery, financial stability, e-commerce capabilities, and investment in product research and development are equally as important as the products offered to the Owners.



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CHCA will ask all vendors to review and comply with the process outlined below (also found on CHCA's website, www.chca.com), to help to establish consistent standards among its contracted vendors and prospective vendors. The process allows CHCA to review manufacturing and business practices based on the needs of our Participating Hospitals.

Process Criteria: CHCA and the Participating Hospitals will consider a number of criteria during the identification, review, and selection of a new product or technology. These include, but are not limited to:

- Quality
- Safety
- Clinical impact
- Cost effectiveness
- Physician preference
- Premier does not have a contract and will not contract for product or technology
- Environmental impact
- Diversity
- Breakthrough potential
- Owner recommendation and input
- Quantitative value provided to Participating Hospitals
- Pediatric hospital usage
- Innovative technology

Process Guidelines for Vendors Pursuing New Contract Opportunities: In conjunction with Premier, CHCA will seek to continually develop contract opportunities for Participating Hospitals. We will actively participate in processes and programs that routinely evaluate and provide opportunities to contract for innovative clinical products or services. At the request of Participating Hospitals, CHCA may develop independent contracts to supplement the Premier portfolio. For vendors seeking to establish a relationship with CHCA, the following steps must be followed before contacting with CHCA to enable a fair and unbiased evaluation:

1. Contact Premier to investigate opportunities: As CHCA's primary group purchasing partner, all opportunities must first be presented through Premier (www.premierinc.com/all/dobusiness/index.jsp). If referred back to CHCA, the Premier contact person must be referenced.
2. Prepare Participating Hospital's utilization data: In order to help CHCA evaluate the opportunity objectively, we will request the vendor supply the following data in Microsoft Excel or Microsoft Word formats and submit it to CHCA at traci.parsons@chca.com:
 - Vendor key contact (person with ability to negotiate a national contract).
 - Provide sales volume data per product(s) and/or service(s) being used at Participating Hospitals.
 - Provide potential savings opportunities (based upon discounted pricing, changes in pricing tiers, etc.) for Participating Hospitals.
 - Provide new sales activity/potential at Participating Hospitals and the name of the hospital key contact.
 - Provide CHCA a list of vendor pediatric specific products.
 - Complete Product Introduction Form (available at www.chca.com).
 - Product Category Identification. CHCA will ask vendor to designate product(s) and/or service(s) as one of the following categories:



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- ✓ Alternate Care
 - ✓ Cardiology
 - ✓ Capital Equipment
 - ✓ Dietary
 - ✓ Distribution
 - ✓ Facilities
 - ✓ House Keeping
 - ✓ Human Resources
 - ✓ Imaging
 - ✓ IT/Telecom
 - ✓ Lab
 - ✓ Materials Management
 - ✓ Nursing
 - ✓ Surgical Services
 - ✓ Pharmacy
 - ✓ Women's & Children's
3. Notice of receipt: CHCA will contact vendor within seven (7) business days of receipt of data to confirm email has been received.
 4. Internal processing of opportunity: CHCA will review opportunity internally and may supply the vendor information to the Participating Hospitals to evaluate the opportunity.
 5. Notice of evaluation: CHCA will contact vendor once CHCA and/or Participating Hospitals have decided to pursue or decline the opportunity.
 6. Contract negotiation: If the Participating Hospitals have expressed interest in pursuing the opportunity, CHCA will work with vendors to negotiate terms and conditions for a contract based upon the CHCA contract template. CHCA will control all contract related documents.
 7. Contract approval: All contracts CHCA considers will require final approval from the Supply Chain Management Executive Committee (SCMEC). The SCMEC must approve all contracts before CHCA will sign the contract.
 8. Notice of award: CHCA will contact vendor after the SCMEC has approved the contract, and CHCA will then post the contract on the CHCA website for Participating Hospital's access. CHCA will send an email communication to the appropriate clinical groups announcing the new contract along with a summary of the pertinent contract information.

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SUBJECT: Contract Length and Grouping Policy

PURPOSE: To establish a standardized and limited length for all contracts and to prohibit number of unrelated products within a single contract.

POLICY: Contract Length - CHCA will sign contracts for no longer than three (3) years or less, unless economic conditions require longer term agreements in the best interest of the Participating Hospitals. CHCA may allow for a limited extension term on contracts based upon mutual agreement between vendor and CHCA, extending beyond the initial three (3) year period with approval from the CHCA Supply Chain Management Executive Committee.

Contract Grouping - CHCA will not seek or commit to any contracts that have bundling of any products across different vendors.

Inquiries should be directed to the GPS, Contract Manager at traci.parsons@chca.com.

SUBJECT: New Product/Innovation Review and Evaluation

PURPOSE: To review and evaluate new products and innovations (collectively “new products”) specific to the pediatric market place.

POLICY: CHCA will review new products to ensure awareness within CHCA Participating Hospitals and to establish favorable pricing when appropriate. CHCA will review and facilitate the evaluation of new products based on member input and direction. CHCA will define a new or innovative product as a product that is substantially different from products currently available on the market. To demonstrate the differential, the products will be evaluated upon clinical outcomes, quality, safety, operating effectiveness, environmental impact or other benefits deemed important by CHCA hospital representatives. Lower pricing will not be considered when determining whether the term “new or innovative product” shall apply.

Product Identification - New or Innovative products will be identified through several methods including the following:

- ✓ Vendor contacts CHCA directly by telephone or through traci.parsons@chca.com per the directions on the CHCA website,
- ✓ Owner Hospital representative contacts CHCA, or
- ✓ Premier contacts CHCA.

Product Introduction - CHCA may introduce the new or innovative product to Participating Hospitals through, but not limited to, one of the following methods:

- ✓ Vendor meeting with CHCA staff.
- ✓ Vendor presentation at a CHCA forum meeting.
- ✓ Vendor presentation and/or evaluation within CHCA Participating Hospitals.
- ✓ Vendor presentation at the Premier Pediatric Contracting Committee, with Premier approval, as outlined in CHCA’s Vendor Guidelines for Pursuing New Contract Opportunities.



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All decisions regarding new or innovative products are made by CHCA Hospitals and are final. Vendors with grievances related to this policy or others, may follow CHCA's Vendor Grievance Policy.

Inquiries should be directed to the GPS, Manager of Purchasing Services at traci.parsons@chca.com.

SUBJECT: Single Source/Sole Source/Multi-Source Contracting

PURPOSE: To determine appropriate criteria in determining contracting strategies in terms of single source, sole source and multi-source contract.

POLICY: CHCA's contracting strategy is determined and outlined by the CHCA Hospitals. Based upon their requests and needs, CHCA will contract accordingly.

Sole Source - CHCA will not seek to develop sole source contracts where there is more than one supplier. However, upon recommendation by CHCA Owners, and upon approval by the Supply Chain Management Executive Committee (SCMEC), CHCA will enter into sole source contracts.

Single Source - When only one supplier exists in the market for a specific product, and Premier has not chosen to contract with the vendor but the CHCA Owners have requested a contract for the specific product, CHCA will seek out a single source contract based upon the request.

Multi-Source - CHCA will contract in any product category where price and choice may be leveraged to create value for the CHCA Hospitals.

Conflicts with GPO Partner Agreements - CHCA will work with its designated group purchasing partner to promote the value of the group purchasing partner's agreements. Upon approval of the SCMEC, CHCA may contract for products covered by the group purchasing partner with vendor(s) not receiving an award from the partner.

Inquiries should be directed to the GPS, Manager of Purchasing Services at traci.parsons@chca.com.

SUBJECT: Minority and Female-Owned Businesses Policy

PURPOSE: To promote an environment that ensures equal opportunity and access to all minority and female-owned businesses.

POLICY: CHCA desires to promote an environment that ensures equal opportunity and access to all minority and female-owned businesses desiring to provide high quality goods and services to CHCA and Participating Owners. CHCA is committed to ensuring that its procurement efforts and those of its vendors are effective, fair and competitive and include as many of these businesses as is practical. Implementing this policy is good business practice and consistent with our mission as well as our partners' missions. Furthermore, CHCA and its related organizational entities recognize and are sensitive to the high level of importance that Participating Owners especially place upon the development of minority and female-owned businesses in their local communities. CHCA and its affiliated entities will foster an atmosphere that invites the broadest possible participation of these businesses in CHCA's procurement efforts and those of Participating Hospitals. It is CHCA's policy to encourage and support the use of qualified minority and female-owned vendors. Specifically, it is CHCA's intent to increase the sales and participation of qualified minority and female-owned businesses and to link them to our corporate and business partners whenever possible. Member management plays a vital role in this effort, identifying appropriate minority and female-owned contractors and subcontractors for CHCA and its vendors.



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It is our belief that CHCA's vendors should provide qualified minority and female-owned businesses with the opportunity to participate in the mainstream of business activities. CHCA will encourage its business partners to develop programs to provide minority and female-owned businesses and those firms which have the greatest concentration of minority ownership with equal access to their organizations, advocating that such firms be utilized to the fullest extent possible and consistent with good purchasing practices. CHCA desires to assist its business partners in this endeavor and will work with each of them to increase the participation of cost-effective minority and female-owned businesses as their contractors and subcontractors, ensuring that such suppliers are given the opportunity to bid competitively.