

<b>TITLE:</b> Facility Contract Compliance Resolution	<b>POLICY DESCRIPTION:</b> Process for Resolving Facility Contract Compliance Issues
<b>PAGE:</b> 1 of 4	<b>TYPE:</b> National Agreements
<b>EFFECTIVE DATE:</b> August 31, 2005	<b>REFERENCE NUMBER:</b> HPG.009

<p><b>SCOPE:</b> All HealthTrust Purchasing Group (“HPG”) colleagues in all departments and all HPG Suppliers.</p>
<p><b>PURPOSE:</b> To establish a standard process for addressing facility contract compliance issues reported to HealthTrust Purchasing Group.</p>
<p><b>POLICY:</b> Vendors shall electronically notify HPG of a Member’s non-compliance via a standard on-line compliance form (see <b>Exhibit A</b>) for non-tiered contracts. For tiered contracts, the Vendor National Accounts Manager may submit the required information in the form of an email to the HPG Compliance Team (“CUTT Team”) mailbox [<a href="mailto:HPGCUTT@healthtrustpg.com">HPGCUTT@healthtrustpg.com</a>]. Vendors must verify that their local representative has met or attempted to meet with the Member Materials Manager(s) to discuss the issue of non-compliance prior to submission to HPG. HPG will work with both the Member and the Vendor to resolve the process within 60 days of receipt of the complaint for on-tiered contracts and within 30 days for tiered contracts.</p>
<p><b>DEFINITIONS:</b></p> <p><b><u>Contract Compliance</u></b> – If any products are made available under the purchasing agreement on a sole source, dual source, or multi-source award basis, then HPG and the Vendor agree to use the “Compliance Process” outlined in this policy to address any Members who do not substantially meet any applicable compliance level.</p> <p><b><u>Tiered Contracts</u></b> – Contracts in which pricing tiers are established by vendors where multiple prices are available for the same contract item based on facility committed purchases. Facilities, Market Groups or Divisions commit to a level of purchases with the contracted vendor to help ensure that they get a targeted tier of pricing; the higher the level of commitment, the lower the line item pricing will be. To select pricing tiers, facilities, market groups or divisions complete standard vendor contract <b>Commitment Letters</b> that were developed by the vendor and applicable Contract Manager (see HPG.008 where discussed). A link to available Commitment Letters is saved in the member area of the HPG website; these letters are sent to member facilities when tiered contracts are announced to members.</p> <p><b><u>HPG Membership</u></b> – HPG’s membership is made up of over 750 acute care facilities, 250 surgery centers and 570 other healthcare entities located across all 50 states of the nation.</p>

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**PROCEDURE:**

**For Tiered Contracts with Commitment Letters**

In the event a Vendor identifies an HPG Member (facility, market group or division) that is not meeting its designated commitment requirement for specific Product(s), the following steps should be followed:

1. The Vendor National Account Manager identifies a potential compliance issue and forwards the issue to HPG via an email to the HPG Compliance Team at [HPGCUTT@healthtrustpg.com](mailto:HPGCUTT@healthtrustpg.com). Prior to submission to HPG, the Vendor must verify that their local representative has met or attempted to meet with the member facility's Materials Manager to discuss the issue of non-compliance.
2. A Compliance Team member or a designated implementations representative for the HPG member group will be assigned to the issue.
3. The designated HPG representative will contact the Member to verify the Vendor representative has recently met or attempted to meet with the Materials Manager to discuss the issue. The Vendor will be notified if HPG finds the Vendor representative has not discussed the issue directly with the Materials Manager; the process will then be placed on hold until such discussion has occurred.
4. HPG will ask the Member if it agrees that it is not meeting the commitment level previously selected by the Member in its Commitment Letter. If the Member is in agreement, HPG will request written approval from the Member to move the Member to a lower tiered commitment level with corresponding higher prices based on the Vendor's suggestion. The written approval will be saved in the HPG Commitment Letter files. The HPG Commitment Letter Coordinator will work with the applicable Vendor to coordinate the date the pricing change will occur. The facility's pricing and tier designation will be changed in the HPG Item Management System and PPCCS System which updates the pricing seen by the facility on HPG's website. This move will not occur until thirty (30) days from the date of receipt of the email by HPG unless an earlier date is agreed upon by both parties. No tier designation or price changes will be made by HPG without written Member authorization.
5. If the Member does not agree with the Vendor's assessment, the Member will provide to HPG usage data for that Product area for the period as defined in the contract or Commitment Letter. HPG will calculate the overall commitment percentage based on contract guidelines and provide the Supplier with total spend data that is not vendor specific. If the Member is meeting its commitment over the contract defined period, the Vendor will be notified that no pricing change should occur.



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6. If HPG finds the Member is not meeting its commitment level, the Compliance Team will coordinate with Vendor to ensure pricing and tier designation is coordinated to move in conjunction with HPG’s pricing and tier designation move. This change must occur on the same date in order to avoid invoice discrepancies.
7. In any event, all compliance resolution issues will be addressed by HPG within thirty (30) days, with HPG using commercially reasonable efforts to resolve such issues within such time period.

**For Non Tiered Contracts**

In the event a Vendor identifies an HPG Member that is not complying with the terms of the contract or not providing access to the Member Materials Manager by the Vendor Representative, the following steps should be followed:

1. The Vendor National Account Manager identifies a potential compliance issue and forwards the issue to HPG via a standard **Compliance Form** (see **Exhibit A**) which is available in the secured Vendor area of the HPG website. The issue should be sent directly to HPG by the Vendor National Account Manager. Compliance Forms submitted by local or regional Vendor representatives will not be accepted.
2. A Compliance Team member or a designated Account Manager for the HPG member group will be assigned to the issue.
3. The designated HPG representative will deem the issue valid based on a combination of the following criteria:
  - a. The vendor representative recently met with the Materials Manager to discuss the contract status.
  - b. The vendor representative has been denied access to the Materials Manager to conduct meetings or product evaluations.
  - c. The vendor representative can verify the HPG member is currently purchasing off-contract, or is expected to utilize a non-contract vendor.

The Vendor National Account Manager will be notified if the issue is found to be invalid.

4. The designated HPG representative will contact the member Materials Manager to confirm the issue as presented by the Vendor. The Team will determine if there are any underlying issues (Clinical, Financial, Quality or Service) preventing the use of the contracted product. They will utilize the applicable HPG Clinical Advisory Boards for assistance if needed.
5. HPG will request that the facility evaluate the contract vendor’s product (if not already complete), and HPG will compare pricing to make certain the non-contract product is

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<p>comparable. This includes requesting copies of off contract Vendor quotes that show no pricing.</p> <ol style="list-style-type: none"> <li>6. After all steps have been taken to resolve the issue and the facility has decided to work with the contract Vendor, the Vendor National Account Manager will be notified.</li> <li>7. If no apparent resolution is reached, the Compliance Team will request written justification from the facility for the off-contract purchase. Once the justification letter is received, the issue will be escalated to the HPG Vice President of GPO Operations for further review and possible action.</li> <li>8. A final decision will be appropriately communicated to the Vendor.</li> <li>9. In any event, all compliance resolution issues will be addressed by HPG within sixty (60) days, with HPG using commercially reasonable efforts to resolve such issues within such time period.</li> </ol>
<b>REFERENCES:</b> <b>HPG.008 Contract Process Policy</b>

## EXHIBIT A Compliance Form

<b>NAM's Email: *</b>	<input type="text"/>
<b>Operating Company: *</b>	<input type="text"/>
<b>Division/Product Area: *</b>	<input type="text"/>
<b>Vendor Contact Name:*</b>	<input type="text"/>
<b>Contract Number:</b>	<input type="text"/>
<b>Phone Number:*</b>	<input type="text"/>
<b>Facility Name:*</b>	<input type="text"/>
<b>City:*</b>	<input type="text"/>
<b>State:*</b>	*~*~*SelectOne*~*~*
<b>HPG Group Member:*</b>	*~*~*SelectOne*~*~*
<b>Compliance Problem/Product Area:*</b> <small>(current compliance level vs. contract compliance requirement please state the dollar impact &amp; projected lost savings opportunity)</small>	<input type="text"/>
<b>Primary Facility Contact Name:*</b>	<input type="text"/>
<b>Primary Facility Contact Title:*</b>	<input type="text"/>
<b>Primary Facility Contact Phone:*</b>	<input type="text"/>
<b>Primary Facility Contact Email:</b>	<input type="text"/>
<b>Who is the primary decision maker in this product category?*</b>	<input type="text"/>
<b>What has been done to resolve the issue locally?*</b> <small>(Detail meeting dates and with whom, evaluation results if any, expected decision date for product area and last interface date with the facility)</small>	<input type="text"/>
<b>What are your recommendations regarding next steps with this account?*</b>	<input type="text"/>
<b>Date Submitted (mm/dd/yyyy)</b>	<input type="text"/>

\* Required Fields