



**DIGNITY HEALTH PURCHASING NETWORK,
LLC DBA EDGEWISE HEALTHCARE PROCUREMENT POLICY**

SUBJECT: GROUP PURCHASING STANDARDS OF CONDUCT	POLICY NUMBER: DHPN-001
EFFECTIVE DATE: _____, 2022	ORIGINAL EFFECTIVE DATE: _____, 2022

DHPN

PURPOSE

The purpose of this Policy is to inform Dignity Health Purchasing Network, LLC dba Edgewise Healthcare Procurement (“Edgewise”) officers, directors, employees and contracted personnel who perform services for Edgewise of the Group Purchasing Organization (“GPO”) specific conduct, contracting, and transparency requirements necessary to ensure that DHPN is operated in compliance with applicable law as an entity wholly-owned by CommonSpirit Health (“CommonSpirit”).

POLICY

It is the policy of Edgewise to:

- Abide by CommonSpirit’s Standards of Conduct, and establish additional standards of conduct and ethics necessary due to Edgewise’s unique role as an entity wholly-owned by some of its Participants.
- Represent the interests of its Participants and further the goals of quality medical care and cost containment.
- Disclose to Vendors and Participants the following:
 - CommonSpirit’s equity investments in Participating Vendors;
 - How Edgewise will conduct bidding and technology evaluation;
 - Their rights and obligations as Vendors to, and Participants in, Edgewise ; and
 - Edgewise ’s contracting standards and requirements.
- Ensure no Participant is required to contract with a vendor in which CommonSpirit holds an equity investment, as a condition of participation in Edgewise .
- Provide transparency to Participants with respect to payments received from Vendors, and ensure Participants receive information concerning administrative and other fees remitted to such Participants to enable them to appropriately report such payments in compliance with applicable laws.
- Promote diversity among Participating Vendors.

all in accordance with the procedures set forth in **Addendum A**.

SCOPE

This Policy applies to Edgewise, and all Edgewise personnel (whether employed directly

by Edgewise or employed by CommonSpirit or a Direct Affiliate¹ or Subsidiary² of CommonSpirit) who perform services for Edgewise .

This Policy is intended to supplement, and does not replace or eliminate, the requirements of current or future CommonSpirit Health governance or administrative policies as adopted or updated from time to time, or the CommonSpirit Health System Governance Matrix. In the event of a conflict between this policy and any CommonSpirit Health administrative or governance policy, or the CommonSpirit Health Governance Matrix, the more restrictive of the conflicting requirements shall apply.

INTERPRETATION

CommonSpirit Health’s General Counsel shall have ultimate authority in interpreting this Policy.

REFERENCES

Addendum A – Group Purchasing Standards of Conduct - Detailed Requirements

CommonSpirit Health Standards of Conduct: Our Values in Action Policy and Reference Guide located at

https://www.commonspirit.org/content/dam/commonspirit/pdfs/CommonSpirit_ComplianceBooklet07-16-21_vf-s.pdf

¹ A Direct Affiliate is any corporation of which CommonSpirit Health is the sole corporate member or sole shareholder, as well as Dignity Community Care, a Colorado nonprofit corporation.

² A Subsidiary refers to *either* an organization, whether nonprofit or for-profit, in which a Direct Affiliate holds the power to appoint fifty percent (50%) or more of the voting members of the governing body of such organization or holds fifty percent (50%) or more of the voting rights in such organization (as evidenced by membership powers or securities conferring certain decision-making authority on the Direct Affiliate) or any organization in which a Subsidiary holds such power or voting rights.

DIGNITY HEALTH PURCHASING NETWORK, LLC

POLICY ADDENDUM

ADDENDUM A	EFFECTIVE DATE: {Date Approved}
SUBJECT: Group Purchasing Standards of Conduct – Detailed Requirements	

I. EDGEWISE AND GROUP PURCHASING BACKGROUND

Dignity Health Purchasing Network, LLC dba Edgewise Healthcare Procurement (“Edgewise”) is CommonSpirit’s wholly owned group purchasing organization (“GPO”). As a GPO, Edgewise will negotiate contracts with suppliers of goods and services that enable both CommonSpirit entities (“CommonSpirit Participants”) and certain organizations unaffiliated with CommonSpirit (“Non-CommonSpirit Participants” and, together with the CommonSpirit Participants, the Edgewise “Participants”) to purchase those products and services on favorable terms. Participants may access contracts with suppliers of goods or services negotiated by Edgewise (“Participating Vendors” and such contracts are “Vendor Agreements”) pursuant to written agreements with Edgewise which set forth the terms and conditions of participation in the Edgewise GPO (“Participation Agreements”).

The administrative fees of GPOs, including Edgewise, have the potential to implicate the federal anti-kickback statute, Section 1128B(b) of the Social Security Act (the “AKS”), which prohibits knowingly and willfully offering, paying, soliciting, or receiving remuneration to induce referrals of items or services reimbursable by a federal health care program. The AKS provides “safe harbors,” including a safe harbor specifically designed for GPOs (the “GPO Safe Harbor”), that, if met, render an arrangement immune from liability. Notably, the GPO Safe Harbor is not available to a GPO if its participants are wholly owned by the GPO or the same entity that owns the GPO; CommonSpirit wholly owns Edgewise and the CommonSpirit Participants, so Edgewise is ineligible for the GPO Safe Harbor. Arrangements that fail to meet an AKS safe harbor are not illegal per se, but rather reviewed by the Office of the Inspector General (“OIG”) on a case-by-case basis.

The Office of Inspector General (“OIG”) has issued multiple advisory opinions analyzing the regulatory risk of a GPO that, like Edgewise, was technically ineligible for the GPO Safe Harbor because it was wholly-owned by a health system that also owned certain of the GPO’s participants (Advisory Opinions 12-01, 16-06, and 18-07). Of these, Advisory Opinion 12-01, issued March 8, 2012 (the “Advisory Opinion”), addresses a scenario which is most similar to the Edgewise model. The OIG concluded the GPO would not be subject to administrative sanctions as a result of the

operation of the GPO in the manner outlined in the Advisory Opinion because certain features of the proposed GPO arrangement indicated it carried, in the OIG's view, low risk of regulatory abuse. OIG advisory opinions can only be relied upon by the specific parties that request them (as such there can be no guarantee that a similarly structured GPO would likewise be exempt from administrative sanctions), but they can nevertheless serve as useful guidance as to the OIG's interpretation of applicable law and regulations.

Edgewise operates in a way that minimizes regulatory risk by complying as closely as possible with the requirements of the GPO Safe Harbor (despite its technical ineligibility) and adopting the features of the GPO proposed in the Advisory Opinion that the OIG cited with approval.

In addition, Edgewise is operated by CommonSpirit consistent with CommonSpirit's mission and values. In this regard, Edgewise subscribes to the following Group Purchasing Credo:

In providing group purchasing services, Edgewise serves first the interests of its Participants, including hospitals and health systems and, through them, the patients and communities they serve. Foremost among those interests shall be supporting favorable clinical outcomes for patients and cost-effectiveness in care processes and utilization of resources such as supplies, pharmaceuticals, and equipment. In so serving, Edgewise acts ethically, accountably, and fairly with respect to all participants in the healthcare marketplace.

II. DHPN STANDARDS OF CONDUCT

A. REQUIREMENT TO ABIDE BY COMMONSPIRIT STANDARDS OF CONDUCT

In the operation of its business, Edgewise, as a Direct Affiliate of CommonSpirit is subject to the requirements of the CommonSpirit Health Standards of Conduct: Our Values in Action Policy and Reference Guide located at https://www.commonspirit.org/content/dam/commonspirit/pdfs/CommonSpirit_ComplianceBooklet07-16-21_vf-s.pdf (the "Standards").

B. ADHERENCE TO ADDITIONAL GPO SPECIFIC REQUIREMENTS

C. Edgewise's standards of conduct and ethics will be consistent with GPO industry standards and shall promote compliance with GPO-specific legal requirements.

D. COMMITMENT TO REPRESENT ITS PARTICIPANTS AND TO FURTHER THE GOALS OF QUALITY MEDICAL CARE AND COST CONTAINMENT

E. Edgewise acts first and foremost as a representative of its Participants, and pursues two primary goals, which are quality of medical care and cost control.

F. CONFLICT OF INTEREST

CommonSpirit and Edgewise are committed to exercising responsible stewardship of resources, and avoiding conflicts of interest or the appearance of conflicts. In furtherance of this goal, Edgewise will comply with the CommonSpirit Health Conflicts of Interest Policy in its entirety as well as the following requirements concerning CommonSpirit equity investments in Participating Vendors:

(i) Disclosure of CommonSpirit Equity Investments in Participating Vendors.

Any ownership interest held by CommonSpirit, or a CommonSpirit Direct Affiliate (including Edgewise) or Subsidiary, in any current or potential Participating Vendor shall be fully disclosed to Edgewise's Participants and publicly disclosed on the Edgewise website. Such disclosure shall be made (a) at the time the equity interest is obtained if Edgewise already has a contract with the Participating Vendor or (b) at the time Edgewise enters into Vendor Agreement with the Participating Vendor if Edgewise does not already have a contract with the Participating Vendor, and in each case, at least annually thereafter.

(ii) No Commitments Permitted If CommonSpirit Has Equity Investment.

Edgewise shall not impose an obligation, commitment or other requirement that obligates a Participant, as a condition of membership in DHPN, to purchase goods or services from such a Participating Vendor in which CommonSpirit or a CommonSpirit Direct Affiliate (including Edgewise) or Subsidiary has an equity investment.

G. PARTICIPANT RELATIONS, PRODUCT EVALUATION AND VENDOR GRIEVANCES

(i) Right to Communicate Directly with Vendors.

Edgewise shall permit Participants to communicate directly with all vendors and to assess products or services provided by all Participating Vendors.

(ii) Right to Purchase Any Items off Contract.

Edgewise shall permit Participants to purchase any items directly from vendors who do not contract with Edgewise.

(iii) Notice of Pending Bidding Processes.

Edgewise shall implement a contracting process that informs potential vendors of the process for seeking and obtaining contracts and provides interested vendors the opportunity to solicit contracts. Upcoming contracting processes shall be listed on a publicly available website. (Updates which do not extend existing contracts need not be pre-noticed.)

(iv) Statement of Participating Vendor Rights and Responsibilities.

Edgewise will provide to vendors an equitable and impartial bidding process which contains all information necessary to offer a competitive bid. Bids are kept confidential throughout the bidding process. Timely and accurate evaluation of bids will be completed, and all bidders will receive an extension if the date is extended. Prompt notification on contract decisions will be communicated to all vendors. Each vendor will be treated with honesty and good faith during the bidding process and during negotiations to reach an agreeable arrangement.

Each Participating Vendor is expected to provide accurate and fair bids based on specifications; and strive to provide the maximum value for each dollar of expenditure. Participating Vendors are expected to meet all deadlines for submission of bids and provide additional information as required by the requestor. Participating Vendors are required to comply with CommonSpirit and Edgewise Standards of Conduct, and conduct business honestly, in good faith and devoid of intentional misrepresentation. Each Participating Vendor is expected to present honest and accurate sales presentations, whether written or oral. Finally, each Participating Vendor must have the financial and personnel resources to provide the products or services promised.

(v) Notice to Participating Vendors of Ethical Standards.

Edgewise shall inform all Participating Vendors and prospective vendors of the ethical standards and practices of Edgewise and require vendors' adherence to the same standards.

(vi) Fair Technology Evaluation Process.

Edgewise shall conduct technology assessments in a fair, timely, confidential and unbiased manner, with an opportunity for review of decisions by prospective vendors whose products or services are evaluated. Edgewise shall provide an opportunity for all Participants to have input into the technology assessment process.

(vii) Technology Breakthrough Procedures.

Edgewise shall operate a breakthrough technology evaluation process in a fair, timely, confidential and unbiased manner, with an opportunity for review of decisions by vendors whose products or services are evaluated. All contracts shall include a clause permitting cancellation or the addition of new contracts in a category if breakthroughs are verified.

(viii) Participating Vendor Reporting Procedures.

Potential and Participating Vendors, along with CommonSpirit and Edgewise employees have a few options if you suspect a violation to the Standards or this Code of Conduct.

- You may reach out to a member of Edgewise senior management.
- You may report your concern via email to contactus@Edgewiseprocurement.com.
- If you want to anonymously report a concern, you have two options:
 - Call the CommonSpirit Health reporting hotline number: 1-800-845-4310
 - File your report using the Internet:
<https://commonspirit.complytrack.com/Portal/CreateForm/450009>.

The confidential option described in #3 above is available 24 hours a day, seven days a week. Reports made by phone or the Internet are received by trained staff who document and forward information to a CommonSpirit Corporate Responsibility Officer for appropriate action. These reports are not traced or recorded. You may remain anonymous if you wish. If you choose to identify yourself, there is no guarantee your identity will remain confidential. However, when you identify yourself, it is easier for Corporate Responsibility staff to respond. Retaliation against any employee who, in good faith, reports potential or suspected violations is unlawful and will not be tolerated.

H. CONTRACTING STANDARDS

(i) Goals of Contracting.

Edgewise shall promote Vendor Agreements that achieve both a high quality of medical care and competitive pricing. Edgewise shall use contracting tools either alone or in combination only in contracting arrangements that achieve these goals.

(ii) Limitation on Sole-Source Contracts.

Most Edgewise contracts for Physician Preference Products and Services will be dual or multi-source. Physician Preference Products cover those areas where physicians have a strong preference and a significant influence regarding the type of product used. Edgewise management will make the determination as to whether a particular product is a Physician Preference Product. In some instances, if there is significant value for Participants to pursue a sole source agreement, then it will be acceptable pending CEO approval.

(iii) General Limitation of Contracts to 3 Years.

Vendor Agreements shall be for 3 years or less, unless economic conditions require longer term agreements in the best interest of Participants, as may be determined according to DHPN's discretion.

(iv) Cap on Administrative Fees.

No Edgewise contract shall require administrative fees in excess of 3%, unless such administrative fees are specifically disclosed to Participants.

(v) Standardization of Administrative Fees.

Administrative fees shall be standardized for each bid process and product or service category, and stated in advance to all bidders in that category, unless economic conditions require a differing structure in the best interest of Participants.

(vi) No Up-Front Administrative Fees.

No Edgewise contract shall charge up-front administrative fees from Participating Vendors.

(vii) No Administrative Fees in the Form of Vendor Equity.

No Edgewise contract shall permit administrative fees to be paid in the form of vendor equity.

(viii) No Marketing or Other Fees from Vendors.

Edgewise shall not receive marketing fees from Participating Vendors.

I. DISCLOSURE OF PARTICIPATING VENDOR PAYMENTS

(i) Written Agreement.

Edgewise shall have a written agreement with each Participant that authorizes Edgewise to act as a purchasing agent to negotiate contracts with Participating Vendors to furnish goods or services to each participant.

(ii) Disclosure of Acceptance of Payments.

Edgewise shall disclose in writing to each Participant that it receives administrative fees from Participating Vendors with respect to purchases made by or on behalf of such Participants.

(iii) Disclosure of Payments Related to Purchases.

Edgewise shall annually report, or cause to be reported, to each Participant the amount of all Participating Vendor payments received with respect to purchases made by or on behalf of the Participant.

(iv) Disclosure of Participating Vendor Payments.

Edgewise shall make full disclosure to Participants of all Participating Vendor payments to the Edgewise, whether allocable to a specific Participant or not.

(v) Disclosure of Vendor Agreements to Participants.

Detailed data on all Vendor Agreements and on current contracting processes shall be readily available to Participants, including administrative fees paid pursuant to each Vendor Agreement.

J. SAFETY, COST-REDUCTION AND CLINICAL COMPARABILITY

Edgewise shall support programs and processes, such as displaying Universal Product Number or machine-readable bar codes at the unit-of-use level, or other programs and processes that provide for clinical comparability and improve and promote patient safety and supply-chain cost reduction.

K. DIVERSITY

Edgewise shall offer or participate in programs that promote diversity among Participating Vendors to include vendors in the following categories: MBE (Minority Business Enterprise), African, Hispanic, Native, Asian-Pacific & Hasidic Jewish Americans, WBE (Women Business Enterprise) (Non-minority Woman-Owned Business), DIS (Disabled), and Veteran.

L. ANNUAL DISCLOSURE

Edgewise requires that Edgewise employees and employees of CommonSpirit, its Direct Affiliates or Subsidiaries employees acting or performing services on behalf of Edgewise sign an acknowledgement confirming they have received and read this Code of Conduct, and understand and will comply with it. All new Edgewise employees or CommonSpirit employees acting on behalf of Edgewise will be required to read and sign an acknowledgement.

M. COMPLIANCE, CERTIFICATION AND IMPLEMENTATION

Edgewise shall assess and update these Edgewise Standards of Conduct to keep it up-to-date and consistent with any newly identified best practices and as business practices change to ensure that the goals of avoiding conflicts of interest and promoting competition continue to be achieved.