

**Beth Israel Deaconess Medical Center
BIDMC Manual**

Title: Supplier Contact and Negotiation

Policy #: ADM-15

Purpose: The purpose of this policy is to ensure that negotiations for purchase of goods or services on behalf of Beth Israel Deaconess Medical Center (BIDMC) are led by duly authorized administrators and involve users and medical staff in efficient and appropriate ways. This policy relates to non-salary goods and service expenses (including capital expenses) only and does not pertain to revenue or payor negotiations.

Other related policies:

PM-20, Methods of Purchasing and Payment of Reimbursable Expenses

PM-20 Appendix A, Vendor Add Request Process

ADM-14 Signature Authorization Policy

ADM-18, Conflict of Interest Policy for Institutional Transactions

Policy Statement: All negotiations for goods or services entered into on behalf of BIDMC must be executed in accordance with this policy. All contract negotiations are to be conducted only by duly authorized Medical Center or BILH staff.

1. **Authority to negotiate.** Only employees and Medical Staff authorized to sign and execute contracts in accordance with BIDMC's ADM-14 Signature Authorization Policy or their designees are authorized to enter into formal negotiations. Designees may include employees and Medical Staff.
2. **General Guidelines.** BIDMC employees and Medical Staff are required to inform and seek the guidance and counsel of management to determine the appropriate methodology, approach and review process for supplier (vendor) contacts and/or negotiation. All employees and Medical Staff involved in supplier contacts and negotiations are required to act in the best interests of BIDMC when conducting business with and/or negotiating with vendors and potential vendors. All employees and Medical Staff are required to conduct BIDMC business in a responsible and ethical manner. See BIDMC Code of Conduct.
3. **Business Discussions with Suppliers.** BIDMC recognizes that the input and involvement of stakeholders, including clinicians and practitioners, contribute to a successful business engagement. However, these individuals may be unaware of advantageous or standard contract terms used by BIDMC, as well as the checks and balances that are a meaningful part of due process and objective, third party review used by BIDMC. BIDMC employees and Medical Staff are advised that business discussions with current or potential suppliers whether formal or informal, can easily precipitate serious financial obligations for BIDMC.

Thus, all employees and Medical Staff are required to refer all business discussions with respect to pricing, contract terms, expressed or implicit commitments for delivery and installation, as well as solicited and unsolicited proposals, to the BILH Supply Chain Sourcing Division for review and disposition as soon as discussion of such business terms arise or should be broached.

4. **Contracting Department.** The BILH Supply Chain Sourcing Division is authorized to negotiate

contracts for goods and non-salary services within limits established by this policy and BIDMC's ADM-14 Signature Authorization Policy. All BIDMC employees and Medical Staff are expected to utilize the resources of the BILH Supply Chain Sourcing division in developing, negotiating and managing supplier relationships.

5. **Negotiation of Contracts.** Individuals negotiating on behalf of BIDMC are expected to have knowledge of all contractual provisions and will be held accountable for the negotiating process and outcome.
6. **Conflict of Interest.** Section II of the Conflict of Interest Policy for Institutional Transactions (ADM-18) states:

Members of the Workforce must ensure that their personal financial interests and other outside relationships which may conflict with the best interests of patients and BIDMC are disclosed and addressed to maintain the integrity of decision-making in institutional transactions. All Workforce members must disclose the information required by the BIDMC *Procedures and Guidelines on Disclosure of Outside Interests in Institutional Transactions* ("COI Guidelines for Institutional Transactions"),¹ and comply with any management plan or transparency requirements imposed by BIDMC."

BIDMC employees and Medical Staff involved in vendor contact or negotiation, as well as suppliers entering into contracts, are required to fully disclose financial interests and other relationships with suppliers or competitors as follows:

- 6.1. *Employees and Medical Staff* – Beth Israel Deaconess Medical Center employees and Medical Staff are required to fully disclose any of the following financial interests or other relationships the (1) individual, (2) his/her Family member, and (3) organization that employs or is about to employ the individual or his/her family member, may have with suppliers when the supplier and the individual engage in business discussions (terms are defined in ADM-18 Conflict of Interests in Institution Transactions):

- Income Interests (paid relationships);
- Equity Interests (stock, options, and other owner relationships); and
- Fiduciary Role or Executive Position;
- Government or Regulatory Agency Role; or
- Any of the above interests or roles with a Competitor.

Disclosure must be made in writing to the individual's manager and to the contracting staff involved (see Attachment A). The manager has the responsibility to review the matter with the individual, to seek other counsel as provided by the Medical Center, and if deemed necessary, to refer the material to the Office of Business Conduct or the Office of General Counsel for further review.

All BIDMC employees and Medical Staff must remove themselves from discussions and/or negotiations with suppliers when (1) the individual, (2) his/her Family member, or (3) an organization that employs or about to employ the individual or his/her family member, has a significant financial interest in, or other relationship, as specified in ADM-18, with respect to the supplier. Failure to do so may result in termination of

¹ The COI Guidelines for Institutional Transactions can be found at <https://portal.bidmc.org/Intranets/Administrative/Office-of-Business-Conduct/COI.aspx>.

employment or withdrawal of medical staff privileges.

- 6.2. *Suppliers* – It is the policy of BIDMC that during discussions and negotiations, suppliers are required to identify BIDMC employees and Medical Staff who have financial interests in, or other relationships with, the supplier. BILH Supply Chain staff, who act as the Medical Center's delegates during negotiations, have the responsibility to obtain this disclosure (see Attachment B).

A supplier's failure to disclose in accordance with this policy may result in disqualification of the supplier during discussions and/or negotiations, and following the execution of any contract and for the contract term, will be considered a breach of contract and possible cause for termination.

- 6.3. *Contracts Supported by Certain Federal Awards* – Members of the BIDMC Workforce may not participate in the selection, award, or administration of contracts supported by a federal award as defined in 42 CFR §200.38 if (1) the individual, (2) his/her Family member, or (3) an organization that employs or is about to employ the individual or his/her Family member, has a financial interest or other relationship resulting in a real or apparent conflict of interest with the supplier considered for the contract.²

Proposed contracts must also be reviewed to identify and address organizational conflicts of interest. An organizational conflict of interest arises due to relationships that BIDMC has with a parent, affiliate, or subsidiary organization that makes or appears to make BIDMC unable to be impartial in the selection, award, or administration of a contract supported by a federal award involving the related organization. Where circumstances raise a concern, that because of relationships with a parent company, an affiliate, or a subsidiary organization, BIDMC is unable or appears to be unable to be impartial in conducting a procurement transaction with a related organization that will result in a charge to a federal award as defined in 42 CFR §200.38, the responsible individual may refer the matter to the Office of Compliance and Business Conduct for review under any applicable federal agency standards.

BIDMC must disclose in writing to the federal awarding agency or the non-federal entity making a subaward of a federal award:

- any potential conflict of interest in the selection, award, or administration of contracts supported by a federal award, as required by the awarding agency's policy, and
- all violations of federal criminal law involving fraud, bribery, or gratuity potentially affecting the Federal award.

7. **Information Systems Hardware and Software Acquisition.** In order to assure the integrity and security of all systems and networks, all requests for computer hardware and/or software, whether a new purchase, replacement / upgrade, licensed to operate on BIDMC' network or hosted by an outside entity must be reviewed and approved by the Chief Information Officer or designee.

8. **Solicitation of Business Proposals, Price Agreements and Contracts.** Third party representatives (sales representatives, account managers and others) may construe

² OMB Guidance Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR §200.318(c) (2).

meetings or discussions regarding business opportunities as a precursor to or the execution of a business obligation that obligates BIDMC. BIDMC employees and Medical Staff involved with current or potential suppliers must therefore use discretion in the solicitation of business proposals, price agreements, contracts and/or other offerings to conduct business with BIDMC. Contracts, price agreements, proposals and other supply or service offerings are only valid when executed by a *duly authorized* BIDMC/BILH employee as outlined in the Signature Authorization Policy.

9. **Solicitation of Leases (Equipment only)** The Medical Center is constrained by both its bylaws and debt covenants to certain restrictions with respect to leasing equipment. The decision to acquire equipment using either capital funds or a lease will be made by the Chief Financial Officer or designee. All equipment leases must be reviewed and approved by the BILH Supply Chain Sourcing Division, who will consult with the Chief Financial Officer or designee.

10. **Solicitation of Free Goods or Other Financial Support.** The acceptance and utilization of free goods and/or other financial support can expose BIDMC to a variety of risks including Medicare/Medicaid Fraud and Abuse, financial obligation, accusations and/or perceptions of inducement, deterioration of BIDMC's ethical standing and a loss of competitive advantage. Individuals involved in ongoing business and/or negotiations with suppliers, business partners or potential suppliers are strongly cautioned with respect to the solicitation of evaluation products, free goods or other financial support and are required to comply with the following:

10.1. Evaluation Products:

10.1.1. *Consumable goods* used for evaluation purposes must be provided free of charge (with all applicable freight costs absorbed by the supplier), approved by the Director of BILH Supply Chain Sourcing Division and covered by a no-cost purchase order issued through BIDMC's Purchasing Department. Consumable goods brought in under these circumstances must be sequestered from regularly distributed goods and the quantity received should be for a defined term, limited evaluation period.

10.1.2. *Capital Equipment* brought into BIDMC for evaluation purposes must be covered by a no-charge purchase order, free of freight or any other handling, installation or service charges, for a clearly stated period not to exceed 90 days, and should not be used beyond that period, or for purposes outside of the evaluation's scope. All no-charge purchase orders must be approved by the BILH Supply Chain Sourcing Division. Any no-charge equipment Purchase Orders that will or may lead to increased consumable supply expenditures must also be approved by the respective Vice President whose cost center will be affected.

10.1.3. *Software and computer hardware* brought into BIDMC for evaluation purposes must be for a limited license period and must be reviewed and approved by the Chief Information Officer or designee.

10.1.4. *Services* arranged on a trial basis must be for a limited time period, with a defined scope of work and clearly stated outcome. No exit costs may be included.

10.1.5. *Approval* -- All requests for evaluation products must be reviewed by the appropriate BILH Value Analysis Committee or sourcing specialist to assess potential financial and/or other obligations. If warranted, the AVP for BILH Sourcing will advise with respect to any other necessary approvals or reviews

prior to evaluation.

10.2. Promotional Products and Other Financial Support

10.2.1. *Promotional Products* from vendors/supplies may not be used in the course of business, distributed to employees or staff, or accepted as gifts unless allowed by the ADM-17A *Personal Gifts, Travel, Meals, and Entertainment*.

10.2.2. *Financial Support* in the form of honorariums, program funding or any transfer of funds must be structured in the context of a specific event or use. Any transfer of funds of this nature must reflect a clear and audit-worthy paper trail. If such financial support from a vendor is in any way related to a proposed or actual purchase and/or contract, that support must (a) reviewed by the AVP, BILH Sourcing who may request review from the Office of Business Conduct as well (b) be directed financially to BIDMC, unless otherwise approved by the President/CEO of BIDMC, and (c) must not compromise the integrity of the competitive contracting process.

10.2.3. In general, promotional products or requests for funding should only be solicited for use in a philanthropic, hospital-wide or other public, charitable event. All solicitations should be directed to a supplier's marketing, advertising or public affairs department by BIDMC's Development Department. Such support should never be solicited from suppliers involved in active or pending negotiations.

11. **Sanctions.** Breach of this Policy shall include but is not limited to the failure to submit or submission of an incomplete, erroneous, or misleading disclosure form as required by this Policy, failure to provide additional information as may be requested, or failure to comply with the determination for management, reduction, or elimination of the conflict of interest. Individuals who engage in such Breach shall be disciplined in accordance with the Institution's Employee Corrective Action Policy, Medical Staff By-Laws, and/or the Graduate Medical Education Remediation and Disciplinary Policy as may be applicable.

12. **General Assistance and Guidance.** BIDMC employees and Medical Staff are urged to seek the assistance and guidance of senior management, as well as the BIDMC Contracting Department. These individuals are prepared to advise and counsel employees and Medical Staff so that the best interests of BIDMC are served.

Specific questions may also be addressed to:

Chip McIntosh, AVP BILH Supply Chain Purchasing and Sourcing,
at (617) 667-0725

XXXXXXXXXXXXXXXXXX

Office of Compliance and Business Conduct, at (617) 667-1897

Attachment A: Vendor Contact & Negotiation Employee and Medical Staff Disclosure

Attachment B: Vendor Contact & Negotiation Supplier Disclosure

Vice President Sponsor:

Mike Cullen, SVP, Chief Financial Officer

Approved By:

☒ **Senior Management Team: 6/13/22**

**Peter Healy
President**

Requestor Name(s):

**Chip McIntosh, AVP, BILH Supply Chain
Purchasing and Melissa Anderson, JD,**

Compliance and Privacy

Original Date Approved: 1/06/03

Next Review Date: 6/25

Revised: 10/07, 10/14, 12/2015, 12/2018

Eliminated:

References:

PM-20 Methods of Purchasing and Payment of Reimbursable Expenses

PM-20 Appendix A, Vendor Add Request Process

ADM-14 Signature Authorization Policy

ADM-17A Personal Gifts, Travel, Meals, and Entertainment

ADM-18 Conflict of Interest Policy for Institutional Transactions

PM-04 Employee Corrective Action

BIDMC Medical Staff Bylaws

MS-06 Graduate Medical Education Remediation and Disciplinary Policy

BIDMC Code of Conduct

OMB Guidance Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards 2 CFR part 200 et seq.

ADM-15 Attachment A: Employee and Medical Staff Disclosure

This form should be collected from individuals who plan to be involved in negotiations authorized by BIDMC. For example, individuals who are invited to participate in a RFP committee should complete this form.

Section 6.1 of BIDMC policy #ADM-15, *Vendor Contact and Negotiation*³, states as follows:

"Beth Israel Deaconess Medical Center employees and Medical Staff are required to fully disclose any of the following financial interests or other relationships the (1) individual, (2) his/her family member, and (3) organization that employs or is about to employ the individual or his /her family member, may have with suppliers when the supplier and the individual engage in business discussions and/or negotiations:

- *Income Interests (paid relationships);*
- *Stock or other Equity Interests (owner relationships)*
- *Fiduciary Role or Executive Position;*
- *Government or Regulatory Agency Role; and*
- *Competitor.*

Disclosure must be made in writing to the individual's manager and to the contracting staff involved (see Attachment A)."

In accordance with this requirement, please complete this form as indicated below.

- ☐ Neither my department/service nor I have any Income Interest (paid relationships, Equity Interest (owner relationship), Fiduciary Role or Executive Position, or Government or regulatory Agency Role with any supplier(s) involved in this project.
- ☐ My department/service and/or I have the following Income Interest (paid relationship), Equity Interest (owner relationship), Fiduciary Role or Executive Position with the named supplier(s) involved in this project (please provide this information in the box provided, or attach any relevant document):

Policy ADM-15 further states:

"The manager has the responsibility to review the matter with the individual, to seek other counsel as provided by the Medical Center and if deemed necessary, to refer the material to the Office of Business Conduct or the Office of General Counsel for further review.

All BIDMC employees and Medical Staff must remove him/herself from discussions and/or negotiations with suppliers when (1) the individual, (2) his/her Family member, or (3) an organization that employs or is about to employ the individual or his/her Family member, has a financial interest in, or other relationship with, the supplier as specified in ADM-18. Failure to do so may result in termination of employment or withdrawal of medical staff privileges."

Signature block:

Signed: _____ Date: _____

Name: _____

Title: _____

Project: _____

ONCE COMPLETED, COPIES OF THIS FORM WILL BE RETURNED TO THE SIGNER, DISTRIBUTED CONFIDENTIALLY TO THE RELEVANT MANAGER, AND THE ORIGINAL RETAINED IN THE RELEVANT PROJECT FILE / LOCATION.

³ Copies of the policy can be found on the BIDMC website and will be made available upon request.

ADM-15 Attachment B: Supplier Disclosure

Section 6.2 of BIDMC policy #ADM-15, *Vendor Contact and Negotiation*⁴, states as follows:

“It is the policy of BIDMC that during discussions and negotiations, suppliers are required to identify BIDMC employees and Medical Staff who are participating in the discussions and/or negotiations and who also have financial interests in, or other relationships with, the supplier. Contracting staff, who act as the Medical Center’s delegates during negotiations, are required to request this disclosure.”

In accordance with this requirement, please complete this form as indicated below.

- ☐ My company has no financial interest in, or other relationship(s) with, any BIDMC employee(s), Medical Staff and/or department/service involved in this project.
- ☐ My company has the following financial interest in, or other relationship(s) with, the named BIDMC employee(s), Medical Staff and/or department/service involved in this project (please provide this information in the box provided, or attach any relevant document):

Policy ADM-15 further states:

“A supplier’s failure to disclose in accordance with this policy may result in disqualification of the supplier during discussions and/or negotiations, and following the execution of any contract and for the contract term, will be considered a breach of contract and possible cause for termination.”

By signing below, Supplier indicates an understanding, acceptance and support of this policy.

Signature block:

Signed: _____ Date: _____

Name: _____

Title: _____

Company: _____

Project: _____

ONCE COMPLETED, COPIES OF THIS FORM WILL BE RETURNED TO THE SIGNER, DISTRIBUTED CONFIDENTIALLY TO THE RELEVANT BIDMC PROJECT MANAGER OR INDIVIDUAL(S) NAMED, AND THE ORIGINAL RETAINED IN THE RELEVANT PROJECT FILE / LOCATION.

⁴ Copies of the policy will be made available upon request.