



Policy and Procedure Manual
Vendor Relations and Corporate Compliance Guidelines

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LRMC Senior Management Approval

TVRH Senior Management Approval

VP/General Counsel Approval

VP/General Counsel Approval

Board Approval Date: 05/07

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APPLIES TO: LRMC TVRH System

STANDARD/PURPOSE:

This policy establishes Corporate Compliance Guidelines for Central Florida Health Alliance (hereinafter The Alliance) vendors and policy and procedural guidelines for vendor visitation to The Alliance.

PROCEDURE:

- A. Any vendors / contractors providing patient care, assisting in patient care, or participating in a patient care plan must perform the following:
1. Contact the Credentialing Coordinator in Human Resources at 352-323-5360
 2. Obtain the necessary documentation specific to the job requirements and work area.
 3. Complete any necessary requirements such as TB tests, HIPPA, Dress Code, Aseptic technique, etc.
 4. Examples of the referenced contractors are:
 - a. Reps that have any pt. hands-on or the potential to affect pt. outcome, i.e. providing onsite service such as operating lasers, equipment, Neuro mapping, etc.
 - b. Students, Instructors, On-call Chaplains, Case Management, Nursing Home reps, Dialysis Nurses, Pt. Transport companies, & Allied Health Practitioners.

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- B. All vendors / contractors providing service to CFHA such as product sales, in-services, equipment installation & repairs must perform the following:
1. Contact Materials Management at (LRMC) 352-323-5336, (TVRH) 352-751-8059.
 2. Obtain Vendor Policy
 3. Sign into the RepTrax vendor credentialing system.
 4. Complete Reprax / CFHA requirements as stated in Reprax depending on level of account access and activity.
- C. All construction related Contractors providing facility repairs, renovations and structural projects must perform the following:
1. Contact Plant operations (LRMC) 352-323-5321 or (TVRH) 352-751-8054
 2. Obtain Vendor Policy
 3. Complete Temporary Contractor / Laborer Information Checklist
 4. Obtain temporary badge from Plant Operations.

Please see the attached Vendor Corporate Compliance Guidelines.



CENTRAL FLORIDA
HEALTH ALLIANCE

Leesburg Regional Medical Center
The Villages Regional Hospital



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Material Management

Vendor Corporate Compliance Guidelines - Policies and Procedure

I. Leadership Responsibilities

All Alliance Team Members are obligated to follow our Code of Conduct and we expect our management team to set the example and to be a model in every respect. They must ensure that those in their respective departments have sufficient information and resources to comply with all regulations and policies: and resolve ethical dilemmas. They must help create a culture within The Alliance that promotes the highest standards of ethics and compliance. This culture must encourage everyone in the organization to raise concerns when they arise. We must never sacrifice ethical and legal standards of behavior in the pursuit of our goals.

We affirm our commitment to vendors/supplies:

- We are committed to fair competition among prospective suppliers and the sense of responsibility required of a good customer.

II. Compliance and Legal Department

The Compliance and Legal Department is the Central “nervous system” The Alliance Corporate Compliance Program, Questions, complaints, concerns and suggestions filter to the department from numerous sources, including team members, clients, patient, visitors, physicians and community members. This department is a resource for information and coordination of compliance activities, which touch every division, facility, department and individual function within the organizational structure.

Under the VP/General Counsel this department receives and evaluates information, which is disseminated to various skilled individuals to investigate and report findings. Working with appropriate leaders, action plans are developed, executed and monitored, to ensure that desired outcomes are attained. The department has team members with experience and skills in auditing, billing, the charge master system, operations, administration, financial, and legal functions.

This department does not replace any other functions within the organization (e.g. Risk Management, Safety Management, and Quality Management) but serves to ensure compliance through coordinated processes and interventions delivered at appropriate intervals.

A. VP/General Counsel

The VP/General Counsel is independent of all other operational areas within the organization. The position reports to the President/CEO and the Board of Directors. Responsibilities include:

- Providing leadership in the Compliance Program
- Encouraging and stimulating a culture of ethical sensitivity and compliant behavior.

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- Distributing the Code of Conduct and ensuring that related training is conducted. Communicating ethics and compliance standards.
- Coordinating and monitoring training regarding compliance with laws, statutes, regulations, rules and corporate policies.
- Coordinating and supporting corporate monitoring and auditing procedures.
- Providing advice to The Alliance colleagues on ethics and compliance issues.
- Coordinating investigations of alleged violations of ethics and compliance standards.
- Coordinating internal audits and investigations and checking for preventive and corrective action.
- Providing staff support to the Board of Directors and other organizational committees regarding compliance issues.
- Reviewing, at least annually, the Corporate Compliance Program for updates and reviews.
- Establishing, coordinating and overseeing procedures to ensure that every team member is conversant with the Compliance Program.
- Providing timely reports to the Board of Directors on the Corporate Compliance Program. These reports describe the compliance issues raised since the last report and how these issues were resolved. The reports also include recommendations on the Compliance Program, the status of compliance-related training, and other relevant matters.

B. Corporate Compliance Hotline

The Compliance Hotline (888)-749-3980 has been established to report violations related to the following:

- Patients Rights
- Professional Standards of Practice
- Medicare Fraud/Abuse
- Professional and Business Ethics
- Bribes
- Kickbacks
- Confidentiality
- Conflicts of Interest

III. Compliance Guidelines

A. Payments, Discounts, and Gifts

The Alliance participates in the Medicare program, a Federal program that provides health insurance to the aged and disabled, and the Medicaid program, a Federal/State program that provides health care coverage to low income persons. A Federal law

commonly referred to as the “anti-kickback statute” makes it illegal for The Alliance to provide or accept “remuneration” (anything of value) in exchange for referrals of patients covered by Medicare, Medicaid, or any other Federal healthcare program. The law also bars payment or receipt of such remuneration in return for directly purchasing, leasing, ordering, or recommending the purchase, lease or ordering of any goods, facilities, services, or items covered under Medicare, Medicaid or other federal healthcare program. In Florida a similar law applies these same prohibitions to all patients, regardless of payor source.

These laws are designed to prevent fraud in Medicare and Medicaid programs and abuse of the public funds supporting these programs. The Alliance is committed to carefully observing the anti-kickback rules and avoiding any practice that may be interpreted as abusive. The Alliance team members in the finance, purchasing and facilities departments, laboratory, pharmacy., medical staff administration, and any department entering into personal service contracts are expected to be vigilant in identifying potential anti-kickback violations and bringing them to the attention of their supervisor, manager, director, senior manager, VP/General Counsel and on-site Corporate Compliance officer.

All payments shall be made by check or bank wire and shall be supported by written documentation in sufficient detail to identify the work or services performed on behalf of The Alliance. Each person receiving payment must agree to comply with all applicable laws in acting on LRMC’s behalf.

B. Anti-Kickback Laws

The Federal and state anti-kickback laws are broadly written to prohibit The Alliance and its representatives from knowingly and willfully offering, paying, soliciting, or receiving any money or other benefit, directly or indirectly, in return for obtaining or regarding favorable treatment in connection with the award of a contract. The Anti-kickback laws must be considered whenever something of value is given or received by The Alliance, its representatives or affiliates that is in any way connected to patient services. This is particularly true when the arrangement could result in over utilization of services or a reduction in patient choice. Even if only one purpose of payment scheme is to influence referrals, and it otherwise appears to be a legitimate, appropriate business arrangement, the payment may still be unlawful.

There are many transactions that may violate the anti-kickback laws. For example, no one acting on behalf of The Alliance may offer gifts, loans, services, or payment of any kind to a physician who refers patients to The Alliance, or to a patient, without consulting their supervisor, manager, director, or the VP/General Counsel. The VP/General Counsel should review any unusual discounts offered outside normal patterns to The Alliance by suppliers and vendors as well as discounts offered by The Alliance to insurance companies or third party payors. Rentals of space and equipment must be at fair market value without regard to the volume or value of referrals that may be received by The Alliance in connection with the space or equipment. Fair market value can be determined through an independent appraisal or norm within the community.

A violation of the Anti-kickback laws is a felony punishable by a \$25,000 fine or imprisonment for up to five years, or both. Violation of the law could also mean that The Alliance and or a physician are excluded from participating in the Medicare and Medicaid programs for up to five years. In addition to the Federal criminal penalties: Florida law also provides for civil and criminal penalties.

C. Deficit Reduction Act of 2005 Information

The Deficit Reduction Act of 2005 (Act) was implemented to reduce the amount of Fraud Waste & Abuse. The act was signed by President Bush on February 8, 2006 and was intended to reduce federal spending by \$40 billion over the next five years. It was expected that \$6 billion dollars will come from Medicare Modifications. One of the major requirements was that team members and contractors be educated and trained so that they were familiar with the act and understand that there are confidential resources available for reporting fraudulent and abusive activity.

The 2006 Florida Statutes chapter 409.913 (2) (c) defines Fraud as “an intentional deception or misrepresentation made by a person with the knowledge that the deception results in unauthorized benefit to herself or himself or another person. The term includes any act that constitutes fraud under applicable federal or state law.”

The 2006 Florida Statutes chapter 409.913 (1) (a), Abuse means:

1. Provider practices that are inconsistent with generally accepted business or medical practices and that result in an unnecessary cost to the Medicaid program or in reimbursement for goods or services that are not medically necessary or that fail to meet professionally recognized standards for health care.
2. Recipient practices that result in unnecessary cost to the Medicaid program.

All LRMC / TVRH Team members are trained and required to comply with this statute. In addition if in your business practice at LRMC / TVRH you suspect fraud and abuse you as well as our team members may report them, confidentially, to The Alliance Compliance Line 1-888-749-3980. The Alliance Compliance Line is a simple, risk-free way for you to report activities that may involve ethical violations or criminal conduct.

D. Entertainment and Gifts

The Alliance recognizes that business dealings may include a shared meal or other similar social occasion, which may be proper business expenses and activities. More extensive entertainment, however, only rarely will be consistent with The Alliance policy and should be reviewed and approved in advance by the VP/General Counsel. The Alliance team members may not receive any gift under circumstances that could be construed as an improper attempt to influence The Alliance or its team member’s decision or actions. When a team member receives a gift that violates this policy, the gift should be returned to the donor and reported to the VP/General Counsel. Team

members may receive gifts when they are of such limited value that they could not reasonably be perceived by anyone as an attempt to affect the judgment of the recipient. For example, token promotional gratuities from a supplier, such as advertising novelties (e.g. Key chain) marked with the donor's name, are not prohibited by this policy. Whenever a team player is not sure whether a gift is prohibited by this policy, the gift must be reported to their supervisor, manager, director, or the VP/General Counsel upon its receipt. Exceptions may only be authorized by a senior executive for good cause shown.

E. Grants, Training, Site Visits

There are appropriate situations where potentially vendors will support or fund The Alliance team members. Vendor funding of The Alliance team members' travel for the purpose of training specific to a particular product, device, or service which the vendor provides is appropriate. Additionally, vendor funding of The Alliance team member attendance at an educational conference is acceptable only if the vendor is an established supplier and there is no link or potential link to a contract award or incremental business. All such trips must have the approval of the traveler's superior. Senior Manager is the minimal level with approval authority.

Vendor donations of cash or credits to a department for the purpose of establishing or supporting a discretionary account are strictly prohibited. There will be no vendor funded educational or travel accounts that are managed by an Alliance team member.

F. Billing and Claims

When claiming payment for professional services, The Alliance has an obligation to its patients, third party payors, and the federal and state governments to exercise diligence, care and integrity. The right to bill the Medicare and Medicaid programs, conferred through the award of a provider or supplier number, carries a responsibility that may not be abused. The Alliance is committed to maintaining the accuracy of the claims it processes and submits. Many team members have a responsibility for entering changes and procedure codes. Each of these individuals is expected to monitor compliance with applicable billing rules. Any false, inaccurate, or questionable claim should be reported immediately to a Supervisor, Manager, Director, Senior Manager, VP/General Counsel.

False billing is a serious offense. Federal and state laws prohibit knowingly and willfully making or causing to be made any false statement or representation of material fact in an application for benefits or payment. It is also unlawful to conceal or fail to disclose the occurrence of an event affecting the right to payment with the intent to secure payment that is not due.

A provider or supplier who violates the False Claims Act is guilty of a felony and may be subject to fines up to \$25,000 per offense, imprisonment for up to five years, or both. Other persons guilty of submitting false claims face fines up to \$10,000 per offense, imprisonment

for up to one year or both. In addition to the criminal penalties, Federal law permits substantial civil monetary penalties against any person who submits false claims.

The Act provides a penalty of triple damages as well as fines up to \$11,000 for each false claim submitted. The person (as well as The Alliance) may be excluded from participating in Medicare and Medicaid programs. Violations of the assignment and reassignment rules are misdemeanors carrying fines of up to \$2,000 and imprisonment of up to six months, or both. In addition to these federal penalties, the State of Florida also imposes penalties.

G. Market Competition (Antitrust)

The Alliance is committed to complying with all Federal and State Antitrust Laws. The purpose of antitrust laws is to preserve the competitive free enterprise system. The antitrust laws in the United States are founded on the belief that the public interest is best served by vigorous competition, free from collusive agreements among competitors. They also prohibit conduct that is found to restrain competition unreasonably. This can include, depending on the facts and circumstances involved, attempts to tie or bundle services together, exclusionary activities, and agreements that have the effect of harming a competitor or unlawfully creating a monopoly. This does not preclude committed volumes or standardized contracts as long as appropriate due diligence is conducted. All qualified vendors will be given legitimate opportunity to obtain business.

H. Trade Associations

The Alliance and its healthier providers are involved in numerous trade and professional associations, these organizations promote quality patient care by allowing The Alliance and other providers to learn new skills, develop policies and, where appropriate, speak with one voice on public issues. However, it is not always appropriate to share business information with trade associations and their members. Sharing information is appropriate if it is used to better inform consumers or to promote efficiency and competition.

The Alliance may participate in surveys of price, cost, and wage information if the survey is conducted by a third party and involves at least five comparably sized hospitals. Any price, cost, or wage information released by The Alliance must be at least three months old and may not be revealed to a competitor. Any association or other third party must agree that such information will be shared only in aggregate form (such as in the results of a wage survey). Joint purchasing arrangements through a trade association are often acceptable, but any joint purchasing plan should be reviewed in advance by the VP/General Counsel.

I. Boycotts

The Alliance policy prohibits any agreement with competitors to boycott or refuse to deal with a particular person or persons, such as a vendor, payer, or other provider. These agreements need not be written to be illegal: any understanding reached with a competitor

(directly or indirectly) on such matters is prohibited. All negotiations by The Alliance agents and team members must be conducted in good faith. An Alliance corporate officer in consultation with the VP/General Counsel or legal counsel must approve exclusive arrangements with payors, vendors and providers

J. Penalties

Penalties for antitrust violations are substantial. Individuals and corporations can be fined \$350,000 and \$10,000,000 respectively, for each antitrust violation, and individuals can be sentenced up to three years in prison for each offense. In addition, actions giving rise to antitrust violations may violate other Federal criminal statutes, such as mail fraud or wire fraud, under which substantial fines and even longer prison sentences can be imposed.

Antitrust violations also create civil liability. Private individuals or companies may bring actions to enjoin violations and to recover damages for resulting injuries. If successful, private claimants are entitled to receive three times the amount of damages suffered, plus attorney's fees. Moreover, if the antitrust violation was a conspiracy, each member of that conspiracy may be liable for the entire damages caused by the conspiracy.

K. Confidentiality

The Alliance team members and health care professionals possess sensitive, privileged information about patients and their care. Patients rightly expect that this information will be kept confidential. The Alliance takes very seriously any breach of patient confidentiality. Discussing a patient's medical condition, or providing any information about patients to anyone other than persons who have a legitimate need for the information, will have serious consequences for the individual involved.

The Alliance is the owner of the medical record, which documents a patient's condition and the services received by the patient at The Alliance. Medical records are strictly confidential, which means that they and the information they contained may not be released except with the consent of the patient or when required by law. Special protections apply to mental health records, records of drug and alcohol abuse treatment, and records relating to HIV infection. Medical records should not be physically removed from The Alliance, altered, or destroyed. The Alliance Team members who have access to medical records must take pains to preserve their confidentiality and integrity, and no team member or vendor is permitted access to the medical record of any patient without a legitimate reason.

The Florida law is designed to punish and deter computer crime. In compliance with the law, The Alliance prohibits unauthorized access to its computer system, either directly or by network or telephone. The Alliance prohibits the destruction or corruption of electronically stored or processed data. Persons who violate these rules will be prosecuted to the full extent of the law.

Vendors and their designated representatives, agree that any information regarding The Alliance pricing, contract terms and conditions will be considered confidential. Failure to maintain this level of confidentiality should be considered a breach of trust and grounds for termination of any current contract and any other future business opportunities.

L. Independent Contractors and Vendors

The Alliance purchases goods and services from many consultants, independent contractors, and vendors. The Alliance policy is that all contractors and vendors who provide items or services to The Alliance must comply with all applicable laws and The Alliance policies. Each consultant, vendor, contractor, or other agent furnishing items or services worth at least \$25,000 per year shall be given a copy of The Alliance Compliance Program. Contractors should refer any questions or concerns about The Alliance practices or their own operations to the VP/General Counsel.

M. Affiliated Physicians

Any business arrangement with a physician must be structured to ensure financial relationships that comply with legal requirements. Such arrangements must be in writing and approved by legal counsel. In order to meet all ethical and legal standards regarding referrals and admissions, we will adhere strictly to two primary rules:

We do not pay for referrals. We accept patient referrals and admissions based solely on the patient's clinical needs and our ability to render the needed services. We do not pay or offer to pay anyone-colleagues, physicians, or other persons for referral of patients. Violation of this policy may have grave consequences for the organization and the individual(s) involved, including civil and criminal penalties and possible exclusion from participation in federally funded healthcare programs. Accordingly, anyone found to have violated this policy would be disciplined as described later in this document.

We do not accept payments for referrals that we make. No Alliance team member or any other person acting on behalf of the organization is permitted to solicit or receive anything of value, directly or indirectly, in exchange for the referral of patients. Similarly, when making patient referrals to another healthcare provider, we do not take into account the volume or value of referrals that the provider has made (or may make) to us.

N. Patient Referrals

Patient referrals are important to the delivery of appropriate health care services. Patients are admitted, or referred, to The Alliance by their physicians. Patients leaving The Alliance may be referred to other facilities such as skilled nursing or rehabilitation facilities. Patients may also need durable medical equipment, home care, pharmaceuticals, or oxygen and may be referred to qualified suppliers of these items and services. The Alliance policy is that the patient, or their legal representatives, is free to select their health care providers and suppliers subject to the requirements of their health insurance plans. Patients or their legal

representatives should make the choice of a hospital, a diagnostic facility, or suppliers with guidance from their physician as to which providers are qualified and medically appropriate.

Physicians and other health care providers may have financial relationships with The Alliance or its affiliates. These relationships may include compensation for administrative or management services, income guarantees, loans of certain types, or free or subsidized administrative services. In some cases, a physician may have invested as a part owner in a piece of diagnostic equipment or a health care facility.

Federal statutes known as “Stark I” and “Stark II” apply to any physician who has or whose immediate family member has a “financial relationship” with an entity such as The Alliance. The law prohibits referrals by such a physician to The Alliance for the provision of certain “designated health services” reimbursed by Medicare and Medicaid. If a financial relationship exists, referrals are prohibited unless a specific exception is met. The Alliance requires that each financial relationship with a referring physician or his or her immediate family member fit within one of the exceptions to the Stark law. Although the responsibility for evaluating financial relationships with physicians lies with the on-site Corporate Compliance officer and legal counsel, managers, directors, medical staff administration, corporate officers, senior manager and the payroll department are expected to monitor financial relationships and report any irregularities to the on-site Corporate Compliance officer.

The exceptions to the Stark law are complex, and several general rules must be followed. Both leases and personal service contracts with physicians must be in writing and signed by the parties. Any premises leased must be specified and must not exceed the space reasonably needed for the physician’s legitimate purpose. Rental charges must be set in advance at fair market value without regard to the volume or value of referrals by the physician.

A lease must be commercially reasonable even if no referrals were to be made between the parties. Similarly, a personal service contract must specify the services to be provided by the physician, which must be reasonable and necessary for legitimate purposes, and must be for at least one year. Compensation paid to physicians must also be set in advance at fair market value, be unrelated to the volume or value of referrals, and be commercially reasonable. Contract services may not involve the counseling or promotion of an illegal business arrangement. The VP/General Counsel and legal counsel must review physician incentive plans. Physicians purchasing clinical laboratory services or other items or services for The Alliance must pay fair market value.

Penalties for violating the Stark law include:

- No Medicare or Medicaid payment for the service referred illegally
- A refund to the beneficiary of any amounts collected
- Fines of up to \$15,000 levied on both the physician and the entity for each service referred

- Illegally plus additional fines based on the amounts billed
- Civil monetary penalties of up to \$100,000 plus other assessments and
- Exclusion from the Medicare and Medicaid programs.

O. Discrimination

The Alliance and its affiliates are committed to a policy of nondiscrimination and equal opportunity without regard to race, color, sex, religion, age, national origin, ancestry, disability or any other prohibited classification. The Alliance policy of nondiscrimination extends to the care of patients. Discrimination may also violate Federal and/or state antidiscrimination laws and triggers civil penalties.

The Alliance is also strongly committed with other Federal and state laws governing employment. These laws include but are not limited to:

- The Americans with Disabilities Act
- The Employee Retiree Income Security Act
- The Occupational Safety and Health Act
- The Age Discrimination in Employment Act
- The Fair Labor Standards Act
- The Immigrations Reform and Control Act

The VP/General Counsel can provide vendors with information on these laws and can direct questions to the proper resource.

1. Badges:

- A. All vendors will wear a vendor badge while on The Alliance property. This badge must be visible at all times.
- B. There are three levels of vendor badges and they are as follows:

1. **DAILY BADGE.** Issued to vendors who need one day access to specified Alliance areas. This badge is for one day only and will show current date.
2. **TEMPORARY TERM BADGE.** Issued to vendors who need access to The Alliance areas for a predetermined period of time. (i.e., for an in-service period or evaluation period). These badges are issued and then collected back when the period is over. To be used by service vendors and others who need access for more than one day. These badges will have an expiration date.
3. **PARTNER BADGE.** Issued to vendors with contracts who need after hours or immediate access to The Alliance. This group includes some surgery and cath lab vendors. It also includes professional vendors such as attorneys and accountants. These badges will also show an

expiration date and can be issued up to a one year term. The Credentialing Coordinator in Human resources is responsible for all partner badges and can be reached at 352-323-5360.

2. Activities within The Alliance

- A. All vendors will conduct themselves in a professional and ethical manner while on The Alliance property. The Alliance Dress code is in force at all times and no shorts, denim, or t-shirts with offensive logos will be allowed. Please ask Material Management secretary for additional dress code information if unsure.
- B. Representatives activities will be confined to **non-patient care areas at all times** with the exception of in-service lectures or other educational activities coordinated in conjunction with the Education Department or Department Director. Physicians requiring vendor presence during surgical cases may have such presence after the vendor has signed confidentiality statement for non-Alliance team members.
- C. Product samples may not be left with departments unless cleared by the Purchasing Manager. Introductory products will be evaluated coordinated through the Materials Management Department and MAOC. Only FDA approved products will be trialed unless approval has been granted as a result of compliance with the Clinical Research policy at The Alliance. When electronic, electrical or capital equipment is involved, biomedical department approval will also have to occur before product is brought into patient care areas. **No new product samples will be used without prior in-servicing.** All introductory samples are to be provided by vendor at no charge to The Alliance
- D. **The Alliance will not be responsible for any action being taken that may result from the use of unauthorized products or samples. Products used without prior approval (unauthorized products) will be considered free samples and the vendor will not be reimbursed for the free sample.**
- E. Vendors may only bring in instrumentation and equipment at the request of designated hospital staff. If such items are requested by a physician it is the responsibility of the vendor to confirm this with the department director or his/her designee.
- F. Instruments and equipment requested for use in surgery must be delivered at a minimum of 24 hours in advance. The delivery and pickup point of contact is Sterile Processing. All instruments and equipment must be verified as complete prior to leaving the facility. If any item is determined to be missing or broken, hospital must be given immediate notification in writing prior to the instruments or equipment leaving the building. If notified after leaving the hospital vendor must provide proof that said item was used and lost by hospital.

- G. No item is to be used in surgery without prior approval, if vendor provides item without approval it is considered to be a gift.
 - H. **Vendor must have a no charge purchase order number prior to leaving anything at the hospital for evaluation purposes.**
 - I. The Alliance prefers vendors who will consign new technology products. A monthly Consignment reconciliation must be performed by the sales rep and verified by an Alliance supply service representative. Vendor representatives may not remove consignment items from The Alliance without the written consent of the Director, Material Management.
 - J. Exhibits during educational sessions can only be done on Alliance approved products.
 - K. Distribution of food items to nursing units, physician's lounges and classrooms are allowed only during educational in-services and should be coordinated with the department director.
 - L. Distribution of promotional items of minimal value are allowed if they relate to recipients work (i.e. pens, pencils, cups, note pads, t-shirts, etc)
 - M. During evaluation and contract negotiation phase of product selection, no social contract, gifts, lunches, etc. will be allowed.
 - N. Product and/or service literature can be left for clinicians only if product is FDA approved. For non-Alliance approved products, no literature may be left on nursing units or in clinical departments without the approval of the Purchasing Manager.
3. **Infractions and disciplinary action**
- A. All product and service representatives are given the opportunity to promote their respective products within the above-established guidelines. The Director of Materials Management or designee is responsible for enforcing these guidelines. Infractions of the guidelines will result in the following disciplinary action taken:
 - 1. **FIRST INFRACTION** – Meet with representative to review incident and possible future actions if infractions continue.
 - 2. **SECOND INFRACTION** – Suspension of the representative's visiting privileges at all Alliance facilities for up to a three-month period.
 - 3. **THIRD INFRACTION** – Representative's current book of business will be conducted by his/her immediate supervisor or permanent replacement. If problems are not resolved after representative has been replaced, the following can occur: Conversion of current products to another vendor if clinically acceptable substitute is available. Suspension of the vendor's future business at The Alliance. Suspension will be in force for a two-year period and reviewed at that time.

A representative in the second and third phases will have a written report sent directly to his/her immediate supervisor. The nature of infraction and action taken will be included. Given the significance of the infraction or the establishing of unacceptable practice patterns, the Corporate Director of Materials Management reserves the right to skip any steps in the disciplinary process. Questionable sales practices can be reported to various regulatory agencies for additional follow-up.

