



JOHNS HOPKINS HEALTH SYSTEM

Vendor Policy Guide

How to do Business with Corporate Purchasing

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Vendor Policy Guide



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JHHS Corporate Purchasing Vendor Keys to Success

Vendors are required to notify Corporate Purchasing representatives (Buyers/Sr. Buyers) of all projects and requests concerning affiliate departments. Compliance with this requirement is mandatory to continue vendor in good standing status.

Corporate Purchasing will assure all value analysis for new products and standardization criteria are met prior to any purchase agreement.

Corporate purchasing will solicit three competitive bids on all purchases with a total requisition cost exceeding \$10,000. To negate this process, the requesting department must provide sole source documentation.

An Authorized requisition is essential to begin the purchase order process. Verbal notification of potential purchases is not acceptable.

Contracts should be reviewed by the Johns Hopkins Health System Legal Department. No vendor provided contracts will be accepted.

Corporate officers of the selected vendor will be required to sign all legal documents and return these documents to Corporate Purchasing for signature approval. At this time an authorized representative of the Johns Hopkins Health System will execute and the vendor will receive a copy of the contract.

Quotations must be submitted to Corporate Purchasing. Validity of quotes received with requisitions will be the prerogative of Corporate Purchasing. Quotations must be current and all line items must be individually discounted indicating list price, percentage discount, dollar discount, and final cost. It is essential that each line item be separately priced.

Corporate Purchasing will begin the purchasing/bid process with written notification from a department or affiliate.

Corporate Purchasing will validate invoices. Price increases on fixing pricing will not be tolerated.

If price caps have been negotiated, a 30-day written notice must be delivered to Corporate Purchasing prior to effective pricing date.

Vendor Selection Criteria

Corporate Purchasing is responsible for the selection of vendors that will provide the Health System with cost effective products and services in a timely manner.

Vendor selection criteria:

Existing vendors will be evaluated on the following:

1. Responsiveness to emergencies
 2. Vendor innovation (helping the institutions improve quality and reduce costs.)
 3. Adherence to policies (appointments, invoice processing, etc.)
 4. Back orders
 5. Invoice discrepancies
 6. Committed pricing
 7. Price increases
 8. Order errors
 9. Invoices with items in same order as the purchase order
 10. Delivery lead times
 11. Product support
 12. Product packaging
 13. Distribution programs
 14. Financial stability (based on consideration of increased contracting or on poor performance)
 15. Favorable terms negotiations
 16. Contractual compliance
 17. Discount pricing.
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Corporate Purchasing will monitor vendors with input from end user departments on a continuing basis. Various purchasing data reports, user inquiries, purchasing/expediting experiences, meetings with users and other inputs will be cataloged and maintained in vendor-specific files within Corporate Purchasing by the contract administrator.

Users may request information on specific vendors at any time. Vendors may also request information on themselves at any time. If particular information is judged to be significant, a general correspondence may be created to present information to all users of a particular vendor.

If vendor performance is deemed to be unacceptable on a continuing basis or because of a serious incident, the vendor will be notified by Corporate Purchasing. Depending on the type, severity, past history, etc. of the unacceptable performance the vendor may be issued a warning, disqualified for additional business or disqualified from any business with Johns Hopkins Health System. Fines may be imposed per previous contractual agreement.

Vendor Relations

Guidelines for the Hospital's interactions with vendors of supplies, pharmaceuticals, equipment and services. These guidelines are intended to encourage disclosure and discussion and to provide guidance for decision making. Employees and medical staff must disclose to and receive prior approval from their Functional Unit Administrator or Director for vendor-related activities.

We are committed to honest business dealings with our vendors, and we strive to develop mutually advantageous relationships. In conducting business with vendors, employees and medical staff are also expected to act fairly and objectively and in the best interest of the Hospital. Our selection of vendors will be based on quality, price, and services offered, which make them competitive with other suppliers.

Gifts

Employees and medical staff may not accept gifts or gratuities from suppliers, with the exception of novelties of nominal value. Gifts received which are unacceptable according to this policy, should be returned to the donors or donated to an appropriate charity.

Entertainment

Employees and medical staff may not accept primarily social entertainment offered or sponsored by vendors. Entertainment with vendors must be for valid business purposes and must benefit the Hospital. Entertainment is not construed to mean a business meal or function that is directly related to business. The business meal or entertainment functions should be unsolicited and proportional to the related business activity.

Samples of Goods and Services

Samples of goods and services may be accepted only for purposes of evaluation and must be procured in accordance with Hospital policy. Free samples for patient use, when permitted by Hospital policy, may be dispensed only with a disclaimer regarding hospital endorsement. Pharmaceutical samples, in accordance with Hospital policy, are prohibited from being distributed for patient use.

Consulting and Research Activities

Participation in consulting and research activities with vendors shall be in accordance with Hospital policy (to be developed).

Vendor Sponsorship

Vendor sponsorship of travel, educational conference and seminars must be valid business purposes and must benefit the Hospital. Travel expenses paid by vendors, if any, must be proportional to the business activity that will occur during the trip.

Confidentiality of Business Matters

Official business matters such as price negotiations and contractual arrangements are considered to be confidential. Employees and staff should exercise discretion when discussing price negotiations and contractual arrangements.



Vendor Protocol

Establish general operating procedures for all vendor representative visits, and the receipt and delivery of products to the Johns Hopkins Health System.

These procedures apply to all vendors servicing the Johns Hopkins Health System.

Vendor Receipt and Delivery to the Johns Hopkins Health System

- All packing slips, invoices, manifests, and like documentation must have reference to the purchase order numbers.
- All packing slips, invoices, manifests, and like documentation must include the stock number assigned when supplied on the purchase order. This applies to storeroom, stocked items.
- Multiple purchase order invoices and packing slips must be illustrated in such a way that each line item is identifiable to a specific purchase order.
- Reference must be made on the packing slip and invoice to those items that were not filled to complete status (partial, back orders, etc.) on the purchase order processed.
- Shipments that are drop-shipped by a vendor not indicated on the Purchase Order must have the original vendors name and System issued purchase order number on the packing slip.

Vendor Representative Visitation Protocol – Johns Hopkins Hospital

- All vendors who wish to visit a specific individual within a unit or a department must schedule an appointment following the guidelines established in that area.
 - Only designated entrances at each institution will permit vendor representative access with requirements for sign-in/sign-out.
 - A badge indicating “vendor representative” will be issued and returned upon completion of the vendor representatives appointments. Failure to secure and return the badge and utilize the sign-in/sign-out process will be cause for reprimand based on said procedure.
 - No vendor will be permitted in patient care areas without specific written permission or accompanied by department employee.
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- No vendor will be permitted to enter supply storage areas.
- Vendor representatives should not schedule any social or academic meetings on their own accord. Such meetings should be coordinated through the Administrator and a faculty or staff member who is ultimately responsible to a Functional Unit Director.

Vendor Representative Visitation Protocol – Corporate Purchasing

- Vendor representatives must secure an appointment from the appropriate individual within Corporate Purchasing prior to a visit.
- A daily approved vendor visit list will be forwarded to the receptionist at Corporate Purchasing and those vendor representatives on that list will be permitted in the building.
- Any observed or reported violation of the Johns Hopkins Health System visitation policy will be handled in the following manner:
 - 1st Occurrence – A written confirmation of the incident and a notification that if the incident occurs again, the vendor representative may be barred from returning to the institution for sales marketing activities and notification will be sent to the vendor representatives immediate superior.
 - 2nd Occurrence – A letter to the vendor representatives immediate superior with a copy to the vendor’s senior sales and marketing officer informing them that a second incident occurred violating the Johns Hopkins Health System policy and that this specific individual will not be permitted to the institution again. Another representative may be substituted as to continue the vendor/institutional relationship.

If the two violations cycle occurs again with the same vendor, Corporate Purchasing will request the vendor to attend a meeting which will inform them that another violation will result in the vendor being removed from the approved vendor status list at the Johns Hopkins Health System for a period of ninety (90) days. Additionally, any existing contracts or bids under construction may be considered null and void during this period at the discretion of the Johns Hopkins Health System.

A contract signed by other than an officer of the respective corporations, or by the Purchasing Department, is invalid and voidable. No employees (except those above) have the authority to bind any Johns Hopkins Health System entity to a contract, purchase order or agreement, promise to pay, sale or trade-in, custodial obligation or equipment evaluation, contractual change or relief, lease or rental agreement, or purchase order modification, addition, or

deletion. Any such improper obligation, even if initially honored by the Health System, is voidable at the discretion of the Health System.

Purchase Order Required for Vendor Payment

Orders are not considered binding, nor will respective invoices be paid, without a corresponding purchasing order and receiving report, service contract and corresponding signed work order, or consulting agreement.

Corporate Purchasing is solely authorized to commit Health System Funds for any purchases. This committal is accomplished by issuing a purchase order.

Any orders placed directly to a vendor by a department (unauthorized request issued by department) are not valid.

Invoices for unapproved orders must be presented from the vendor to the individual responsible for placing the order.



**Johns Hopkins Vendor Fact Sheet Bill-Only Orders
And Purchase Order Issuance**

1. Vendor receives a call from Department of Surgery for required implants and instrumentation.
2. Vendor delivers surgery items to the OR for the scheduled cases.
3. Vendor notes all items used during procedure and leaves Bill-only paperwork for processing including all pertinent manufacturer stock numbers and costs if applicable.
4. The OR staff create a Shopping Cart after verifying the vendor's receipt of goods documentation and submits through SAP. The Department of Surgery staff will review the JHHS Hosted Catalog searching by manufacturer code and/or description for the appropriate Product Code. These product codes will be listed on the Shopping Cart. If a code does not exist for a particular item or items, the OR staff will "free-text" the product information in the Shopping Cart with whatever pricing information and vendor information is available.
5. The Shopping Cart goes through an approval process.
 - a. A Purchase Order is automatically created if all product codes exist in the current catalog and auto-faxed directly to the Vendor
 - If no product code is in the JHHS Hosted Catalog,
 - b. The Shopping Cart is routed to the Supply Chain Shared Services Center for Purchase Order creation. In this instance the Buyer will manually fax the Purchase Order to the Vendor.

Note: All Faxed Bill-Only Purchase Orders will contain the words " BILL ONLY – DO NOT DUPLICATE".

6. **Bayview Only** – The OR Staff will research the status of the Shopping Cart and after a Purchase Order is created, the Purchase Order number is written on the Vendor paperwork and placed in a Vendor-specific folder for the sales representative to pick up. Note: The paperwork is not separated by item; there could be several Purchase Orders referenced per Vendor sheet. The Vendor must rely on the actual faxed Purchase Order for invoicing which is faxed directly to the appropriate vendor fax number. It is the vendor's responsibility to match up the original bill of goods with the corresponding purchase order. NO PATIENT INFORMATION will be indicated on the purchase order, only the items and quantities.

Johns Hopkins Only - The OR Staff will research the status of the Shopping Cart and after a Purchase Order is created, the Purchase Order number is written on the Vendor paperwork. In this particular location, the vendors will call the appropriate designee in the Department of Surgery to retrieve the Purchase Order number associated with a bill of goods.

7. The Vendor sends all invoices directly to the Accounts Payable Department for processing.

Johns Hopkins at Eastern

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Phone: 443-997-6688

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8. The OR Department is responsible for the confirmation of goods received in SAP. Supply Chain Shared Services (Purchasing) is responsible for any pricing discrepancies that may occur with invoicing.

CONFIDENTIALITY STATEMENT - Confidential Information. For purposes of this and other processes at Johns Hopkins Medical Institutions, the terms "Confidential Information" shall consist of oral, written, electronic or magnetic data, including, but not limited to, source code, patient medical information, financial information, processes, procedures, trade secrets, or any other information provided by one party ("Owner") to the other party ("Recipient") related to any agreement with vendor's company. Confidential Information, however, shall not include information, which (1) is or becomes available to the public through no fault of a party hereto, to which such information is disclosed; (2) is disclosed to Recipient by a third party who has the lawful right to do so; (3) was known to Recipient prior to receipt from Owner as documented by Recipient through written evidence that existed prior to the receipt from Owner, or (4) is ordered disclosed to a third party by an order of a court having appropriate jurisdiction provided that the Recipient shall notify Owner and support Owner in its efforts to limit the scope of disclosure prior to disclosing any Confidential Information. Vendors violating this confidentiality agreement will be immediately barred from doing business with any Johns Hopkins Medical Institutions in the future.