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Owner **David Lane: Chief Compliance Officer**
 Policy Area **Compliance**
 Applicability **Providence Systemwide**

PSJH-RIS-718 Vendor/Supplier Interactions

Executive Sponsors:	Sheryl Vacca, SVP, Chief Risk Officer <u>and</u> Greg Hoffman, Providence Chief Financial Officer
Policy Owners:	David Lane, VP, Chief Compliance Officer <u>and</u> David Carlson, GVP Sourcing and Clinical Integration Officer
Contact Persons:	Karen J. Coleman, System Director, Compliance Services <u>and</u> Jennie Kim, Director, Contracting

Scope:

This policy applies to non-profit entities of Providence and its Affiliates [\[i\]](#) (collectively known as “Providence”) and their Workforce Members (caregivers, volunteers, trainees, interns, apprentices, students), independent contractors, vendors/suppliers and all other individuals working at any ministry, whether they are paid by or under the direct control of the facility and/or employees of affiliated organizations (collectively, “Workforce Members”). Where an organization is not wholly or majority owned by Providence or an Affiliate, exceptions may apply.

Yes No Is this policy applicable to Providence Global Center (PGC) caregivers?

This is a management level policy, reviewed and recommended by the Policy Advisory Committee (PAC) to consider for approval by senior leadership which includes vetting by Executive Council (EC) with final approval by the President, Chief Executive Officer, or appropriate delegate.

Purpose:

In keeping with Providence’s mission and values, this policy establishes guidelines for Providence Workforce Members interactions with vendors/suppliers and to safeguard education, research, and patient care against market-driven actual, perceived, or potential conflicts of interest. This policy applies to **all** caregivers at **all** levels in **all** functions and to **any** third party with whom Providence conducts

business. Additionally, the value of **any** business courtesies cannot exceed de minimis and nominal values as defined in this policy.

Definitions:

1. **Bona fide** means "in good faith," or the absence of fraud or deception.
2. **De minimis benefit** (sometimes referred to as a *fringe benefit*) in general, a de minimis benefit is one for which, considering its value and the frequency with which it is provided, is so small as to make accounting for it unreasonable or impractical. De minimis benefits are excluded under [Internal Revenue Code section 132\(a\)\(4\)](#). In determining whether a benefit is de minimis, the frequency and value of the benefit must be considered. An essential element of a de minimis benefit is that it is occasional or unusual in frequency. It also must not be a form of disguised compensation. The Internal Revenue Service previously ruled that items with a value exceeding \$100 could not be considered de minimis, even under unusual circumstances.
3. **Development department** is a function within a Providence entity with responsibility for raising money (contributions or grants).
4. **Education events** refers to those events for which attendees may receive professional Continuing Education Unit (CEU) or Continuing Medical Education (CME) credit toward maintenance of licensure for a healthcare or other professional, as well as other activities that are provided for general education purposes. Education events also include educational activities sponsored, at least in part, by Providence for customers, patients, and community residents.
5. **Facility/Ministry** refers to any Providence location that provides health care services, or administrative buildings, and Providence Workforce Members.
6. **Foundation** is an entity that is established as a nonprofit corporation or a charitable trust under Providence or a Providence legal entity, with a principal purpose of making grants to institutions or to individuals for charitable purposes.
7. **Gifts** are defined as anything of value given to Providence Workforce Members and members of the medical staff while on Providence premises or representing Providence including, but not limited to, attendance at outside events, or received via email or other method, other Workforce Members or members of their immediate family and may include, but are not limited to, promotional items such as pens and note pads, cash, gratuities, meals, gift certificates and gift cards, tickets to events and performances, favors, discounts, free services, space, equipment, loans, education, lodging and transportation.
8. **Health Care Industry Representative (HCIR)** includes, but is not limited to, any health care industry employee, agent, or representative whose responsibilities may include sales, customer service, clinical consultation, technical support, or repair/maintenance (previous and current policies may define HCIR as "sales," "vendor," "manufacturer," "supplier," "rep", etc.).
9. **Nominal Value**, for purposes of this policy, is based on the Office of Inspector General (OIG) interpretation of "inexpensive" or "nominal value" to mean a retail value of no more than \$15 per item or \$75 in the aggregate per individual on an annual basis. See also de minimis above.
10. **Patient care area** refers to the location or department where a patient is undergoing a procedure or diagnostic test or receiving any therapeutic treatments under the care of the patient care team.

11. **Pharmaceutical Representative ("PR")** includes, but is not limited to, representatives of the pharmaceutical industry engaged in sales, medical science liaisons, business managers, account managers, or other strategic partners.
12. **REH/REHG** refers to the Resource, Engineering and Hospitality (Group), its staff or team members.
13. **Research project** refers to any program conducted by Providence workforce purpose of testing or researching the use of a particular product, service, or procedure for the purpose of providing feedback members, for the on the results to research sponsor.
14. **Samples** are defined as items received from a Vendor/Supplier for the purpose of evaluation or review in Providence for clinical or patient use or use in an education setting and are not considered gifts. (For additional details regarding Medication Samples, refer to policy [PSJH-PHARM-1311](#))
15. **Vendors/Suppliers** include but are not limited to: product and service providers, manufacturer, consultants, business associates, contractors and other businesses, organizations, or individuals with whom we do business or those seeking to do business with Providence. This definition applies to the vendor/supplier as a company as well as to employees and agents of a vendor/supplier.
16. **Workforce Members** include employees/caregivers, volunteers, trainees, interns, medical staff, students, independent contractors, vendors/suppliers, and all other individuals working at the ministry, whether they are paid by that entity or under the direct control of the facility. It does not include independent members of a hospital's medical staff or independent panel members of the health plans.

Policy:

Interaction with Vendors/Suppliers must be conducted to avoid or minimize conflicts of interest and the appearance of conflicts of interest. PSJH is committed to effective Vendor/Supplier partnerships to deliver high-quality products and services. Business relationships with Vendors/suppliers can never be based on an implied or expressed understanding that acceptance of gifts or future favors will influence the conduct of PSJH business. When actual, perceived, or potential conflicts of interest do arise they must be addressed in accordance with PSJH's Conflicts of Interest policy, [PSJH-GOV-208](#).

Requirements:

- A. **Monitoring of Vendor/Supplier:** The Vendor/Supplier relationship and activities should be monitored by an authorized member of the PSJH workforce and are subject to the Health Care Industry Representatives in Patient Care Areas ([PSJH-REH-1004 Health Care Industry Representatives \(HCIR\) in Patient Care Areas](#)) policy and the applicable and Conflicts of Interest ([PSJH-GOV-208, Conflicts of Interest](#)) or [Conflict of Interest in Research \(PSJH-RIS-724, Conflicts of Interest in Research\)](#) policy and requirements in addition to the requirements of this policy.
- B. **Gifts to Individuals**
 1. Providence Workforce Members may not accept cash or cash equivalents from a Vendor/Supplier under any circumstances. This includes gift certificates and gift

cards.

2. Promotional Activities and Solicitation: Providence strictly prohibits Health Care Industry Representatives from soliciting any health care provider or facility staff or leaving promotional materials in public or patient care areas within the Facility without prior approval by Providence local Administration/Management or REH member.

C. Gifts to a Providence Entity

1. Solicitation of Gifts from Vendors/Suppliers is limited to activities directed or conducted by a Providence foundation or a development department to conduct fundraising activities on behalf of Providence. Foundation Workforce Members may not participate in fundraising activities for other charities, non-charitable events or for any purpose that is or may be seen as being in conflict with the purpose of the Workforce Member's Foundation.
2. Providence departments or individuals involved in purchasing and contracting decisions are not allowed to participate in charitable solicitations from Vendors/Suppliers or potential Vendors/Suppliers. All other Workforce Members may participate in the charitable solicitations if (1) a Providence Foundation or development department has given prior written approval and coordinates the solicitation; or (2) the activity is preapproved by the appropriate regional or ministry chief executive. If a solicitation is approved, the following certification must be completed and maintained in fundraising files:
 - a. *"The undersigned hereby certify, on behalf of [Providence business entity's name] and [vendor's name] that they understand and agree that [Providence business entity's name] does not take into account contributions or proposed grants when reviewing or awarding contracts for the supply of goods or services or when purchasing or prescribing goods or services for [Providence business entity's name]."*
3. Vendors/Suppliers who are known to Providence as offering the same or similar products or services will be given an equal opportunity to donate. This does not preclude Providence from directly soliciting a particular Vendor/Supplier. Vendor/Supplier participation in a solicitation can never be based on the volume or value of existing business or the potential for new business.
4. Vendor/Supplier offers or donations of funds or in-kind contributions will be referred to the appropriate Foundation or development department. Vendors/Suppliers who make donations will have their Gifts, including in-kind donations, recorded through the foundation or development department. All Gifts will be appropriately recognized and recorded.
5. Providence will not endorse a Vendor/Supplier in exchange for a donation, contribution, grant, or any other item, and will not provide a special benefit in return. See Providence's Product and Service Endorsements policy ([PSJH-COMM-601](#)) for rules surrounding product endorsements.

D. Offers of Paid Travel to Individuals

1. Workforce members and their immediate family may not accept paid travel and

accommodation unless such an offer complies with this policy.

2. **Site Visits during Purchasing/Capital Acquisition Process.** Travel paid by Vendors/Suppliers during the purchasing/capital acquisition process may be considered an inducement to influence decision-making. PSJH must pay for such travel expenses. PSJH Workforce Members may accept a Vendor's/Supplier's ground transportation (e.g., a Vendor/Supplier representative picking an individual up at the airport or arranging for a car or van to pick an individual up at the airport; this does not include a personal rental car or other vehicle), during an on-site visit when the location is remote or when the use of public transportation is not practical or not advisable due to safety reasons.
3. **Training/Education Subsequent to the Purchasing/Capital Acquisition Process.** It is expected that any travel necessary for education and training required for items purchased will be paid by Providence or explicitly called out in the Request for Proposal (RFP) process and any subsequent contract. At a minimum, the RFP and contract should specify:
 - a. The type of training to be received;
 - b. The amount of training to be received (in days or hours);
 - c. The number and type of end-users who are to receive the training;
 - d. Costs that will be covered by the vendor; and
 - e. Costs that will be covered by the Providence.

All costs covered by the vendor must be reasonable and necessary to the training activity and comply with Providence policy. The vendor will identify costs associated with training or education and include this cost in the prices quoted in the RFP response. Providence reserves the right to select which workforce members will attend training/education offered by the vendor.

4. **Travel and Training/Education When Not Included in the RFP Process.** Under limited circumstances, the vendor may offer additional or optional training and education that was not included in the RFP response or original contract. If Providence believes that such training or education is beneficial to its Workforce Members, a situation-specific or education addendum to the original contract must be signed before acceptance of such training or education. Interested Providence departments shall work directly with the appropriate Resource, Engineering and Hospitality (REH/REHG) department to create such an addendum. The addendum will comply with the same terms as defined under subsection three above, provided that such addendum shall not be entered into within the twelve (12) month period preceding the expiration of an existing contract. Exceptions may be approved on a case-by-case basis with the concurrence of Department of Legal Affairs, and Risk and Integrity Services (RIS)-Compliance.
5. **Other Educational Events.** Vendors/Suppliers may sponsor general attendance at a local education event through a subsidy to the host or sponsor of the event but may not provide travel to the event. Travel will be paid for in accordance with applicable Providence travel and reimbursement policies. Attendance courtesy of a Vendor/Supplier at a regional or national education event is not allowed.

6. **Advisory Groups and Committees.** Workforce members may accept payment of travel expenses and honoraria by a Vendor/Supplier when included as part of a written agreement that PSJH will provide such services. Such agreement must be approved by the Department of Legal Affairs.

E. **Accepting Meals**

1. Vendors/Suppliers may not directly provide meals, food, snacks, or other food items to Providence Workforce Members. The exceptions to this rule are:
 - a. Vendors/Suppliers may provide modest meals as part of an organized, bona fide education event at a Providence entity when the event is sponsored by the Vendor/Supplier. This does not include events sponsored by a business unit or entity that may receive some funding from a Vendor/Supplier.
 - b. A meal in conjunction with a Vendor/Supplier meeting such as a users' group.
 - c. On limited occasions it may be permissible to accept a meal or other invitation from a current or potential Vendor/Supplier. However, the purpose must never be to induce or influence a business transaction. Generally, the cost must be reasonable (not to exceed seventy-five dollars \$75 per person).
2. While this policy establishes a minimum standard, a Providence Facility may provide meals or other food items in accordance with a more restrictive facility, regional or system policies. While the source of funding may be a donation from a Vendor/Supplier, the Facility is responsible for providing and paying for the food.
3. Workforce Members may accept an invitation from a Vendor/Supplier, if the Workforce Member is asked to attend a charity event exclusive to Providence (e.g., a Providence fundraising dinner or luncheon) and all funds raised benefit a Providence ministry. At these events Workforce Members are encouraged to donate to the Providence charity event equal to the value of the ticket, although doing so is not required.

F. **Vendor Participation in Events at a Providence ministry or Providence arranged-for location**

1. Payments to speakers and others who provide services for educational events. All payments to Workforce Members (including immediate family members) for speaking or otherwise providing services for any Vendor/Supplier sponsored educational event must be made in accordance with a written agreement approved by the Department of Legal Affairs. Compensation cannot exceed fair market value for the services performed.
2. Accepting grants/payments from Vendors/Suppliers. Providence may accept funds from a Vendor/Supplier under the following conditions:
 - a. Providence is the sponsor of the educational event;
 - b. Providence determines the content and speakers for the event;
 - c. The primary purpose and content are designed for education and not marketing;

- d. Educational event funds are not connected with another business transaction;
 - e. The Vendor/Supplier and Providence have executed a written agreement;
 - f. The educational component of the event must predominate over any entertainment, meals, or recreational activities; and
 - g. The location of the event is in a setting that supports the educational content.
3. Nature of Vendor/Supplier funding. Vendor/Supplier funding may be received by Providence to underwrite part, but not all the cost of an educational event. A written agreement must indicate the amount of the Vendor/Supplier funding and its purpose, and any other relevant terms and conditions.
 - a. Vendor/Supplier funds may be used to pay legitimate expenses including speaker and facility fees and expenses, administrative costs, reasonable meals and refreshments, room and equipment rental, supplies and educational materials.
 - b. Vendors may sponsor an activity at the educational event, such as a reception or a meal, as a separate function clearly hosted by the vendor. The vendor is responsible for arranging the activity. The reception or meal should be modest in value and subordinate to the educational event.
 4. Providence may give promotional credit to a vendor for funding or sponsoring a function at an educational event and such credit must be disclosed in the written agreement.
 5. Vendors may set up in an area adjacent to but separate from an education event for the distribution of marketing or scientific literature. Vendors may not distribute gifts, including door prizes or raffle items, or conduct marketing or commercial activities within the area where the educational event is occurring.
 6. Vendor funding of an educational event or a function at such event may not be conditioned on the purchase of a product or service by Providence or be related to the volume of business conducted with the vendor.
 7. Neither Providence nor a vendor may pay for educational event-related activities attended by immediate family members or guests of attendees or speakers.

G. Research Grants

1. Payments to researchers and others who provide services for research projects.
 - a. All payments to Providence or researchers (including members of their immediate family) that provide services to research programs must be made in accordance with a written agreement with Providence and the Supplier/Vendor. Compensation must not exceed fair market value, as determined through reference to public prices or other reasonable measures of fair market value approved by the Providence Department of Legal Affairs, for the services performed.
2. Research Grants from Vendors/Suppliers. Providence may only accept funds from a

Vendor/Supplier when:

- a. Providence and Vendor/Supplier are both involved in the research program;
 - b. Providence and Vendor/Supplier both benefit from the research program as defined in the agreement;
 - c. Providence and Vendor/Supplier mutually agree on the content of the research program;
 - d. Research program content is not a marketing opportunity for the Vendor/Supplier;
 - e. Research program funds are not connected with any other business transaction;
 - f. Providence and Vendor/Supplier enter into a written agreement; and
 - g. The research program is otherwise legitimate and bona fide.
3. The primary purpose of a research program must be the promotion of objective scientific, research and educational opportunities. Research programs shall be conducted within generally accepted practices for medical, educational or scientific research, as appropriate, as well as Providence policies relating to research, and any applicable Institutional Review Board requirements.
 4. Vendor/Supplier funds must be paid directly to Providence and not to a researcher or participant in the research program. Vendor/Supplier funds must be used to pay legitimate expenses related to the research program, including, but not limited to: personnel and administrative costs; reasonable travel expenses; room and equipment rental; supplies; Research Patient Care expenses; and costs for handout materials.
 5. Vendor/Supplier funding must not be conditioned on the purchase of the Vendor/Supplier's product or related to the volume of business conducted with a Vendor/Supplier.

H. Consulting Arrangements (including surveys)

1. Surveys.

- a. Vendors/Suppliers may offer Workforce Members compensation for filling out a survey or a product-use questionnaire. Such offers should only be accepted when there is a written agreement in place and the offer is fair market value for the services being performed. Payments for such surveys should be made to Providence and not the individual completing the survey.

2. Consulting Arrangements.

- a. Consulting arrangements should have a written agreement in place which outlines the terms and responsibilities for all parties and clearly state that the arrangement is not related to the value or volume of referrals. Compensation should be fixed in advance with a term of at least one (1) year and be at fair market value and consistent with templates approved

by the Department of Legal Affairs. Consulting arrangements cannot be entered into if such arrangement creates a conflict of interest under Providence's Conflicts of Interest Policy, [PSJH-GOV-208](#).

3. Conflict of interest.

- a. Receipt of outside compensation from surveys, consulting and other arrangements with vendors is subject to disclosure under Providence's Conflicts of Interest Policy.

I. Speaker's Bureau and Educational Events

1. Providence workforce members may present or speak at a vendor-sponsored speaker's bureau or other educational event when:
 - a. The presentation is made in a setting conducive to an educational event; and
 - b. The event grants CME or CEU credit to participants.
2. When presenting at a speakers' bureau or other educational event, any slides or other information presented by the Providence Workforce Member must have been prepared by the Providence Workforce Member. Use of slides or other vendor-prepared education materials is not permitted except for FDA-approved slides that are mandated for use when discussing a specific product. Slides must not include Providence proprietary information or patient protected health or other personally identifiable information.
3. Providence Workforce Members should generally not accept an honorarium or speaker fee from the organization sponsoring the CME or CEU event, but instead donate it to Providence. Retainers or similar payments may not be accepted for simply being a member of a speaker's bureau. Any questions about honoraria and/or compensation or other fees should be directed to the Conflicts of Interest or Conflict of Interest in Research policy owner. Workforce Members should speak with their core leader first to assess the appropriateness of accepting the honoraria or speaker fee and in all cases, the honoraria and/or compensation or other fees should be disclosed on the individual's annual COI/COIR survey.
4. Providence Workforce Members may not participate in events when the goal of the event is marketing or endorsing the Vendor's/Supplier's products. See Providence's Product and Service Endorsements policy, PSJH-COMM-601, for information surrounding product endorsements. Region and/or ministry communications departments should be consulted with to determine additional requirements when representing Providence.

Providence Workforce Members are prohibited from engaging in token arrangements. Token arrangements are agreements to pay for consulting or advising a Vendor/Supplier when:

 - a. No substantive work is done on behalf of the Vendor/Supplier.
 - b. The work done for the Vendor/Supplier does not commensurate with the compensation provided; or
 - c. The compensation is not at fair market value.

J. **Violations of Vendor/Supplier Interactions policy**

1. If any person has reasonable cause to believe that a Workforce Member failed to abide by the Vendor/Supplier Interactions policy, they will inform RIS of the basis for such belief. A person may also raise a concern through the Providence Integrity Hotline (1-888-294-8455) or Integrity Online. RIS shall investigate and afford the Workforce Member an opportunity to explain the alleged non-compliance of the policy.
2. If, after hearing the response of the Workforce Member, and further investigating as warranted, Providence Compliance determines that the Workforce Member has violated the company policy, the Workforce Member's core leader, in consultation with Human Resources, shall take appropriate remedial action. Impacted caregivers will be subject to corrective action up to and including termination, in accordance with the facility's Counseling and Corrective Action policy ([available on the HR Portal](#)). Volunteers, trainees, interns, medical staff, students, independent contractors, vendors/suppliers, and all other individuals working at the ministry, will be subject to appropriate action which may include severance of their affiliation with the facility or termination of their contract, where applicable.

References:

[PSJH Code of Conduct](#)

[PSJH-RIS-722 Code of Conduct Policy](#)

[PSJH-RIS-732 Anti-Corruption Compliance Policy](#)

[PSJH-GOV-208, Conflicts of Interest Policy](#)

[Internal Revenue Service Form 1023, Application for Recognition of Exemption Under Section 501\(c\)\(3\) of the Internal Revenue Code](#)

[Internal Revenue Service De Minimis Fringe Benefits](#)

[Office of Inspector General Policy Statement Regarding Gifts of Nominal Value \(hhs.gov\)](#)

[Counseling and Corrective Actions policy \(Available on the HR Portal\)](#).

Applicability:

¹ For purposes of this policy, "Affiliates" is defined as any not-for-profit or non-profit entity that is wholly owned or controlled by Providence St. Joseph Health (PSJH), Providence Health & Services, St. Joseph Health System, Western HealthConnect, Kadlec, Covenant Health Network, Grace Health System, Providence Global Center*, NorCal HealthConnect, or is a not-for-profit or non-profit entity majority owned or controlled by PSJH or its Affiliates and bears the Providence, Swedish Health Services, St. Joseph Health, Covenant Health, Grace Health System, Kadlec, or Pacific Medical Centers names (includes Medical Groups, Home and Community Care, etc.). *Policies and/or procedures may vary for our international affiliates due to regulatory differences.

Approval Signatures

Step Description	Approver	Date
PSJH President/CEO	Cynthia Johnston: Senior Compliance Specialist	05/2023
PSJH Executive Council	Cynthia Johnston: Senior Compliance Specialist	05/2023
PSJH Policy Advisory Committee	Cynthia Johnston: Senior Compliance Specialist	05/2023

Standards

No standards are associated with this document