

Subject: Vendor Interactions	Policy Number: PROV-ICP-718	
Department: Enterprise Risk Management Services	<input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Reviewed	Date: 04/13/2016
Executive Sponsor: SVP/Chief Risk Officer	Policy Owner: AVP Compliance and Information Security	
Approved by: Rod Hochman, MD, President/CEO	Implementation Date: April 13, 2009	

Scope:

This policy applies to all Providence Health & Services and its Affiliates¹ (collectively known as “Providence”) Workforce Members. This is a management level policy approved by Leadership Council and signed by the President/CEO.

Purpose: To establish guidelines for interactions with vendors for Providence workforce members and to safeguard education, research and patient care against market-driven actual, perceived or potential conflicts of interest.

Definitions:

1. “*Development department*” is a function within a Providence entity with responsibility for raising money (contributions or grants).
2. “*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.
3. “*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.
4. “*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, 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.
5. “*Research program*” refers to any program conducted by Providence workforce members, faculty, and/or medical staff for the purpose of testing or researching the use of a

¹ For purposes of this policy, “Affiliates” is defined as any entity that is wholly owned or controlled by Providence Health & Services or Western HealthConnect (for example, Swedish Health Services, Swedish Edmonds, Kadlec Regional Medical Center, PacMed Clinics and Inland Northwest Health Services), and who has adopted this policy.

particular product, service or procedure for the purpose of providing feedback on the results to research sponsor.

6. “*Samples*” are defined as items received from a Vendor 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.
7. “*Vendors*” include, but are not limited to: product and service providers, 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 as a company as well as to employees and agents of a vendor.
8. “*Workforce Members*” include Providence employees, volunteers, trainees and other persons under the direct control of a Providence entity, whether or not they are paid by that entity. It does not include independent members of a hospital’s medical staff or independent panel members of the health plans.

Policy: Interaction with vendors shall be conducted so as to avoid or minimize conflicts of interest and the appearance of conflicts of interest. Providence is committed to effective vendor partnerships to deliver high-quality products and services. Business relationships with vendors can never be based on an implied or expressed understanding that acceptance of gifts or future favors will influence the conduct of Providence business. When actual, perceived or potential conflicts of interest do arise they must be addressed in accordance with Providence’s Conflicts of Interest Policy (PROV-GOV-208).

Requirements:

A. Gifts to Individuals

1. Providence workforce members may not accept cash or cash equivalents from a vendor under any circumstances. This includes gift certificates and gift cards.
2. Providence workforce members may accept marketing, instructional, warning or other educational information from a vendor about the vendor’s products or services at any time.
3. Workforce members may accept a gift from a vendor, if:
 - a. The total value of the gift is less than \$100 and is given on an infrequent or non-routine basis (e.g., generally a gift should not be accepted from the same vendor more than once a year) and is not cash or a cash equivalent; or,
 - b. The gift is a prize or award from a bona fide competition such as a random drawing at a conference;
 - c. The gift is a perishable or consumable gift normally given during the holiday season. It is expected that consumable gifts are shared among members of the recipient’s department.
4. A workforce member who accepts a gift is required to document the source, value and circumstances relating to the gift if valued over \$50. Such documentation will be disclosed on the workforce member’s annual conflict of interest disclosure statement or,

if the workforce member is not required to file an annual statement or the gift is a perishable or consumable gift shared with others, will be maintained by the individual for a period of two (2) years from the date of receipt and made available for a compliance review or audit.

B. Gifts to a Providence Entity

1. Solicitation of gifts from vendors is limited to activities directed or conducted by a Providence foundation or a development department to conduct fund-raising activities. Foundation workforce members may not participate in fundraising activities for other charities, non-charitable events or for any purpose that is or may be construed 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 or potential vendors. All other workforce members may participate in the charitable solicitations if (i) a Providence foundation or development department has given prior written approval and coordinates the solicitation; or (ii) the activity is preapproved by the appropriate regional or/ ministry chief executive. If a solicitation is approved, the following certification is completed and maintained in fund-raising files:

“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 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. Vendor participation in a solicitation can never be based on the volume or value of existing business or the potential for new business.
4. Vendor offers or donations of funds or in-kind contributions will be referred to the appropriate foundation or development department. Vendors who make donations will have their gifts, including in-kind, recorded through the foundation or development department. All gifts will be appropriately recognized.
5. Providence will not endorse a vendor in exchange for a donation, contribution, grant or any other item, and will not provide a special benefit in return. See policy PROV-COMM-601 for rules surrounding product endorsements.

C. 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 during the purchasing/capital acquisition process may be considered an inducement to influence decision-making. Providence must pay for these travel expenses. Providence workforce members may accept a vendor's transportation (e.g., a vendor representative picking an individual up at the airport, or arranging for a car or van to pick an individual up at that airport and not including 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 may be appropriate. Interested Providence departments shall work directly with the appropriate Supply Chain Management department to create such an addendum. The addendum will comply with the same terms as defined under subsection 3 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 the appropriate Supply Chain Management department and Department of Legal Affairs, Region Integrity and Compliance Office or System Integrity.
5. ***Other Educational Events.*** Vendors 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 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 when included as part of a written agreement that

Providence will provide such services. Such agreement must be approved by the Department of Legal Affairs.

D. Accepting Meals

1. Providence workforce members may accept an occasional and infrequent meal from a vendor if:
 - a. The meal is provided in conjunction with an education or business presentation or discussion;
 - b. The meal is modest in value (generally about \$50); and,
 - c. The meal occurs in a setting that is conducive to the discussion of business such as a restaurant and not a sports or entertainment venue.
2. If meals occur on a more frequent basis, the parties should alternate paying for the meals or each pay for their own meal.
3. Vendors may not directly provide meals, food, snacks or other food items to Providence workforce members. The exceptions to this rule are:
 - a. Vendors 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. This does not include events sponsored by a business unit or entity that may receive some funding from a vendor.
 - b. A meal in conjunction with a vendor meeting such as a users' group.
4. While this policy establishes a minimum standard, a Providence entity may provide meals or other food items in accordance with a more restrictive entity, regional or system policies. While the source of funding may be a donation from a vendor, the entity is responsible for providing and paying for the food.
5. Workforce members may accept an invitation from a vendor, if the workforce member is asked to attend a charity event exclusive to Providence (e.g. a fundraising dinner or luncheon) and all funds raised benefit a Providence ministry. At these events workforce members are encouraged to make a donation to the Providence charity event equal to the value of the ticket, although doing so is not required. If you accept such an invitation you must complete a Providence Conflict of Interest statement or add the invitation to your existing statement.

E. 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 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.** Providence may accept funds from a vendor 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 is designed for education and not marketing;
 - d. Educational event funds are not connected with another business transaction;
 - e. The Vendor 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 funding.** Vendor 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 funding and its purpose, and any other relevant terms and conditions.
 - a. Vendor 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.

F. Research Grants

1. **Payments to researchers and others who provide services for research programs.** All payments to workforce members or researchers (including members of their immediate family) that provide services to research programs must be made in

accordance with a written agreement. Compensation must not exceed fair market value for the services performed.

2. **Research Grants from vendors.** Providence may only accept funds from a vendor when:
 - a. Providence and vendor are both sponsors of the research program;
 - b. Providence and vendor both benefit from the research program;
 - c. Providence and vendor mutually agree on the content of the research program;
 - d. Research program content is not a marketing opportunity for the vendor;
 - e. Research program funds are not connected with any other business transaction;
 - f. Providence and vendor 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 funds must be paid directly to Providence and not to a researcher or participant in the research program. Vendor 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; and costs for handout materials.
5. Vendor funding must not be conditioned on the purchase of product or related to the volume of business conducted with a vendor.

G. Consulting Arrangements (including surveys)

1. **Surveys.** Vendors 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.** 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.
3. **Conflict of interest.** Receipt of outside compensation from surveys, consulting and other arrangements with vendors is subject to disclosure under Providence's Conflicts of Interest Policy.

H. 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 with the exception of 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 may accept an honorarium or speaker fee from the organization sponsoring the CME or CEU event. However, retainers or similar payments may not be accepted for simply being a member of a speaker's bureau.
4. Providence workforce members may not participate in events when the goal of the event is marketing or endorsing the vendor's products. See policy PROV-COMM-601 for rules surrounding endorsements. Region and/or ministry Communications departments should be consulted with to determine additional requirements when representing Providence.
5. Providence workforce members are prohibited from engaging in token arrangements. Token arrangements are agreements to pay for consulting or advising a vendor when:
 - a. No substantive work is done on behalf of the vendor;
 - b. The work done for the vendor is not commensurate with the compensation provided; or
 - c. The compensation is not at fair market value.

References:

[Providence Code of Conduct](#)

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