



JOHNS HOPKINS HEALTH SYSTEM

Vendor Policy Guide

How to do Business with Corporate Purchasing



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JHHS Supply Chain Shared Services

Corporate Purchasing

Vendor Keys to Success

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

Corporate Purchasing will solicit three competitive bids on all purchases with a total shopping cart cost exceeding \$10,000. Should products or services be proprietary, standardization of current manufacturers is mandatory; sole source documentation must be submitted with all requests for such product.

An authorized shopping cart is essential to begin the purchase order process. Verbal notification of potential purchases is not acceptable. If a department has an emergent need and has conveyed that need to the vendor, the department must notify Corporate Purchasing with a valid e-mail that a cart is of an emergency nature.

Contracts should be reviewed by the Johns Hopkins Health System Legal Department. Vendor provided contracts will not be accepted unless reviewed by JHHS Corporate Purchasing Paralegal and deemed to be acceptable contract language. Contracts are valid only if signed in accordance with the JHHS Finance Policies and Procedures – Signature Authority.

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

Quotations must be submitted to Corporate Purchasing. Validity of quotes received with shopping carts 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 or if Corporate Purchasing commodity and contract review determines the commodity or service is subject to the bid process.

Invoicing – Vendors are required to use various third-party invoicing formats, i.e. GHX, XIGN, SAP interfaces, etc. Vendors are required to submit pricing in a format deemed appropriate by the Contract Specialists. Vendors unable to comply with these systems will be reviewed and may not be solicited for future business opportunities at JHHS.

Pricing – Johns Hopkins Health System requires vendors to commit to contract terms and conditions relevant to pricing structures. If pricing is required to be fixed for a given timeframe and invoices/contracted pricing does not reflect the previously agreed pricing structure, JHHS reserves the right to pay contract pricing and the vendor will be notified in writing of same. If the vendor representative does not resolve the pricing issues within their respective organization, JHHS reserves the right to eliminate that vendor from future opportunities at Johns Hopkins Health System. If price caps are negotiated, a 30-day written notice must be delivered to Corporate Purchasing prior to effective pricing. JHHS reserves the right to refuse any pricing changes without proper notification.

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Vendor Selection Criteria

Corporate Purchasing is responsible for the selection of vendors that will provide the Health System with quality, 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 (assisting our institutions in improving quality and reducing costs)
3. Adherence to policies (Vendormate; Appointments; Invoice processing, Backorders, Compliance to Contract Terms and Conditions, Professional representation, etc.)
4. Ability to provide quality product in a timely and consistent manner
5. Invoice discrepancies – Minimal number of discrepancies
6. Committed pricing
7. Competitive pricing
8. Order Accuracy Rate
9. Delivery lead times
10. Professional, experienced product support
11. Product packaging
12. Distribution programs
13. Financial stability
14. Favorable terms and conditions
15. Contractual compliance

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 information will be cataloged and maintained in vendor-specific files within Corporate Purchasing by the Paralegal or Contract Specialist.

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.

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Vendor Relations

Guidelines for the Hospital's interactions with vendors of supplies, pharmaceuticals, equipment and services – The policy governing Vendor Interaction is as follows: [Interaction with Industry](#). 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 the Assistant Dean, School of Medicine; Functional Unit Administrator or Director for vendor-related activities.

JHHS is committed to ethical, integrity, and 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 Health System. Our selection of vendors will be based on quality product, competitive pricing, quality service, the agreement and offer of friendly contract language.

Gifts and Entertainment

Employees and medical staff may not accept gifts or gratuities from suppliers. See - [Interaction with Industry](#).

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. Evaluation product and/or equipment MUST be presented to JHHS through a valid No-Charge purchase order and must be accompanied by a No Charge Evaluation Agreement detailing all terms and conditions of the evaluation.

Consulting and Research Activities

Please reference the following [Interaction with Industry](#); and the Johns Hopkins Health System Finance Policies and Procedures regarding consultants for further information.

Vendor Sponsorship

Please reference the following [Interaction with Industry](#) policy.

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.

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Vendor Protocol

Establish general operating procedures for all vendor representative visits, and the receipt and delivery of products; <http://vendormate.com/> in collaboration with Johns Hopkins Health System Corporate Purchasing assures vendor representatives are in compliance with all policies and procedures.

These business 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 valid 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

- <http://vendormate.com/> 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. No vendor will be permitted to enter supply storage areas.

Vendor Representative Visitation Protocol – Corporate Purchasing

- Vendor representatives must secure an appointment from the appropriate individual within Corporate Purchasing prior to a visit. Vendors entering patient care areas at any affiliate must comply and sign in through the Vendormate prior to entering JHHS facilities.
- Any observed or reported violation of the Johns Hopkins Health System visitation policy will be handled in the following manner unless deemed to be a major behavior violation:
 - **1st Occurrence** – A written documentation of the incident will be filed at Corporate Purchasing with copies sent to the vendor representative and his/her immediate superior. The document will state that if the incident reoccurs, the vendor representative may be barred from the institution for sales marketing activities.
 - **2nd Occurrence** – A letter will be sent to the vendor representative's immediate superior with a copy to the representative'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 may be barred from JHHS facilities. Should it be decided the transgression warrants such a decision, another representative may be substituted as to continue the vendor/institutional relationship. The vendor representative's superior will notify JHHS Corporate Purchasing staff immediately of the substitute representative.

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, at the discretion of the Johns Hopkins Health System be considered null and void during this period. Depending on the severity of the violations, JHHS Purchasing may require in writing that the vendor sales representative be removed from the premises, security will be notified to monitor the representative and not allow the vendor on JHHS property; and representative's superior will be notified of same immediately.

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.

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Purchase Order Required for Vendor Payment

Orders are not considered binding, nor will respective invoices be paid, without a corresponding purchase 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.

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Evaluation Purchase Orders Expense Items

Evaluation may be conducted for a variety of reasons. Post evaluations commitments are not made prior to an evaluation completions and Corporate Purchasing will be the sole source of information on the status of an evaluation and any post evaluation implementation with any vendor.

All expensed items being evaluated must be obtained via purchase order, even if they are no charge items. No unapproved investigational items may be brought in for evaluation without the written consent of the responsible affiliate committee on investigational devises. The Johns Hopkins Health System Purchase Requisition (JHHS 15-193100; FSKMC 8691-009; JHMSC 14-0055), is utilized for ordering expensed items for evaluation.

The Following information must be supplied when ordering evaluation items:

- Manufacturer's product number
- Quantity
- Purchase unit of measure
- Complete and accurate product description
- Suggested list price (if known)
- If item is totally new or a substitute/replacement item
- The manufacturer's number and description of item it is replacing
- The length of the evaluation including start/stop dates
- The signature of the department administrator on the requisition to acknowledge the evaluation process
- Budget impact statement (will be potential cost savings, cost increase, or budget neutral if evaluation is successful and product is implemented)

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