

Lifespan System-wide Policy

Subject:

File under:

Institutional Purchasing:
Conflict of Interest
Guidelines

Materials Management

Issuing Department:

Supply Chain Operations

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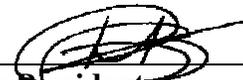
Approved by:



Director

Policy No.

MM-150



Vice President

I. Purpose:

To describe disclosure and recusal actions required of Lifespan employees and medical staff who have conflict of interests that must be identified and managed as part of a Lifespan procurement decision. Such individuals and their family members¹ may have a financial, ownership or other interest with a vendor/manufacturer offering Lifespan a product or service. Recusal is the act of removing oneself from a decision/judgment because of a conflict of interest. This policy is designed to ensure that major purchasing decisions are not biased because of such conflicts and that the reputation of Lifespan and its professional staff are protected. The policy also describes Purchasing and Pharmacy management responsibilities to determine, assess and manage reported conflicts.

II. Eligibility:

Lifespan employee and medical staff involved in Lifespan system-wide or hospital procurement contracts normally requiring request for proposals (RFP's) and exceeding the competitive bid threshold of \$75,000.

III. Policy:

While Lifespan's major procurement decisions relating to pharmaceuticals, medical supplies and medical devices are primarily the responsibility of Materials Management (Purchasing) and Pharmacy officials they must obtain significant input to determine

¹ Family members are identified as any close relation by blood or marriage and/or any person residing with the designated person.

clinical acceptability from professional staff² including physicians who use the drug, supply, device, service etc. Often a product user has the best knowledge and insight into the value of the items/services being considered for procurement. Some of that knowledge may have been gained because the professional staff member invented the product, conducted research using the product or service, or has had an employment or research relationship with the vendor/manufacturer of the product or service.

The Pharmacy and Therapeutics Committee shall have the authority to designate drugs for the Formulary, or recommend that drugs being requested for addition to the Formulary be assigned limited use and/or distribution status if it is determined that a drug has limited indications, low therapeutic index, a potential for inappropriate over utilization, or very high cost. Requests for the addition or deletion of a drug to/from the Hospital formulary may be made by any staff member. The request must be in writing, utilizing the Request for Drug Addition to the Formulary form, be approved by the staff member's Chief of Service or Director, and should be sent to the Secretary of the Pharmacy and Therapeutics Committee or the Director, Pharmacy Services. Unique information that the user may possess may be included in this request.

The value analysis, surgical executive committee or other sub-committee authorized by Purchasing shall have the authority to designate or recommend products for use within Lifespan. The request for the addition or change to a product being used must be made in writing using the Lifespan Product Request Form, with all the appropriate approvals. The completed form must be sent to Purchasing.

To the extent that a professional staff member's expertise is necessary to evaluate an item/service, that individual must report his/her conflicts (or those of their family members) arising from an association with any vendor/manufacturer whose product or service is being considered for procurement. The professional staff member must make the conflict known to those Purchasing and Pharmacy officials leading the institutional procurement process.

Reportable conflicts will arise if the professional staff member has any of the following relationships with an organization seeking to do business with Lifespan.

- A substantial ownership or financial interest as evidence by a partnership interest, stock options or ownership of publicly traded stock constituting more than five percent (5%) of the outstanding securities of the business entity.
- Any employment relationship or Board membership.
- Current receipt or receipt within the previous 12 months of license fees, royalties or contractual rights to receive future royalties.
- Current receipt or receipt within the previous 12 months of consulting fees, speaker bureau fees, honorarium, salary, gifts or other remuneration.
- Current receipt or receipt within the previous 12 months of research funding or unrestricted educational grants.

² Examples of professional staff include, but are not limited to, medical staff, management officials, nurses, respiratory therapists, pharmacists, nurse practitioners, and physician assistants.

Purchasing and Pharmacy officials should solicit COI disclosures³ from all members of the institutional procurement team. To ensure full disclosure of potential conflicts, Purchasing and Pharmacy officials should also review the Lifespan Conflict of Interest database and document and retain the results of this review. COI disclosures will also be required for any member participating in a designated sub-committee.

Existence of a conflict does not preclude the professional staff member from participating in related procurement discussions. However, once a conflict is identified the procurement process team leaders must:

1. Make a full disclosure of the conflict to the entire purchasing decision making body.
2. Ensure the professional staff member is not chairing the decision making process.
3. Require the professional staff member to recuse themselves from the final decision making meeting.
4. Document recusal in the appropriate minutes.

(NOTE: This Policy is used in conjunction with Corporate Compliance Policy – CCPM-46)

³ COI disclosures can be made either orally and recorded in meeting minutes, or in writing.