



Institute of Healthcare Executives and Suppliers Operating and Guiding Principles

The Institute of Healthcare Executives and Suppliers, LLC (IHES) has issued the following operating and guiding principles. The following statements and policies discuss corporate ownership of IHES, expectations of participants, expected ethical conduct and anti-trust compliance policy.

IHES Mission

The mission of IHES is to facilitate education between providers and suppliers in order to create a better and more efficient healthcare industry. IHES is an educationally based organization that provides forums that both hospital executives and healthcare suppliers can attend to learn from each others' experiences and perspectives for the purpose of providing constructive insight into the industry. IHES is not a group purchasing organization, and the IHES does not facilitate the purchasing of products and/or services.

Corporate Ownership

The two participants in IHES meetings, hospital executives and healthcare suppliers hold no financial ownership or leadership positions within the corporate entity of the Institute of Healthcare Executives and Suppliers, LLC. Neither party receives any form of earnings, dividends, commissions or the like from IHES. The hospital executives, or executive members, of IHES are not provided any stock or other ownership within the corporate entity of IHES. The executive members have no control or authority over which suppliers participate or join IHES. Their voluntary participation is solely for the purpose of self-education and interaction with their peers. The executive members are compensated for actual travel expenses and the Institute makes a donation in their name to their hospital foundation.

Expectations of Participants

The two participants in IHES meetings, hospital executives and healthcare suppliers participate to provide education to each other and to discuss topical issues, best practices and trends in the healthcare market in focus groups with the suppliers. The executive members are not expected or obligated to purchase products or services or engage the corporate members of IHES. The sole purpose of this interaction is educational, not a buying transaction. The corporate members are instructed to keep all conversations with executive members in an educational context. Discussions of specific pricing are prohibited.

Ethical Issues

IHES expects all meeting participants to follow and demonstrate the highest ethical and moral standards. Furthermore, IHES expects each Executive Member and Corporate Member to abide by its individual internal policies of ethical conduct, including, but not limited to, conflict of interest policies. If any participant becomes aware that he or she is in a situation that presents an actual or apparent conflict of interest (a situation where that individual's private interest or personal gain interferes or appears to interfere with the interest of their respective organization/company) or is concerned that an actual or apparent conflict of interest might develop, he or she is required to discuss the matter with IHES and their own respective organization. Additionally, participants are expected to make known to IHES if they witness a participant, executive member or corporate member acting in an unethical manner immediately. IHES reserves the exclusive right to immediately discontinue the contracted engagement with any company or executive who is acting inappropriately.

IHES is aware of the Pharmaceutical Research and Manufacturers of America (PhRMA) and Advanced Medical Technology Association (AdvaMed) industry guidelines. After evaluation and review, IHES is supportive and is structured in a format which completely complies with both guidelines.

Antitrust Issues

Like every good corporate citizen, IHES is very sensitive to and makes every effort to comply with all anti-trust laws and regulations. IHES has retained nationally known legal counsel to review its business model and advise on these issues. To that end, IHES has developed the following anti-trust policy to ensure its compliance and the compliance of participants in IHES' functions.

Antitrust Compliance Policy

IHES has instituted the following anti-trust compliance policy. Each corporate and executive member participating will receive a copy of the following compliance policy and shall be expected to abide by it during preparation and participation at all IHES-sponsored events.

It is the Institute of Healthcare Executives and Suppliers' ("IHES") desire and policy to comply with the antitrust laws of the United States and any applicable state antitrust laws. To that end, IHES has adopted these guidelines to ensure that all IHES and IHES-organized activities, communications, and policies are in compliance with applicable antitrust laws. Penalties for violations of the antitrust laws are substantial. Therefore, these guidelines are intended to provide general guidance to participants of IHES events and assist them in furthering IHES' policy of compliance. The guidelines discuss communications and conduct that are either illegal or entail significant risk of

violating the antitrust laws. Conduct and communications that create significant risk are not necessarily illegal, but have sufficient inherent potential for leading to illegal behavior to warrant heightened caution and sensitivity to their antitrust implications.

The antitrust laws prohibit agreements that unreasonably restrain trade. Agreements among competitors are particularly suspect. Moreover, communications among competitors that may facilitate or lead to a tacit agreement on a prohibited subject raise substantial antitrust risks.

There are four areas, in particular, in which participants in IHES events should carefully monitor their actions and communications: price and price-related terms; the range of products or scope of services they will agree to provide, generally or in specific circumstances; territorial limitations or restrictions; and relationships with customers or suppliers.

Price and Price-related Terms

Prohibited price agreements and discussions encompass more than just the actual price that a buyer pays the seller. Price also includes pricing or reimbursement formulae, discounts, credit and other terms. In general, any discussion or agreement among participants in IHES events regarding any term that directly affects the amount, manner, or fact of payment in any transaction is prohibited unless the specific details of any such agreement or discussion have been approved by IHES' antitrust counsel in advance. General discussions regarding cost-effectiveness or price ranges of one technology or product over another are permissible, but discussion of pricing related to specific transactions is prohibited.

Scope of Services Provided

In most circumstances, the antitrust laws prohibit agreements among competitors about which products or services they will or will not provide. Agreement between competing sellers as to whether or not a seller can or will perform a particular service or offer a particular product could be viewed as an agreement to limit products/services offered to a buyer. Thus, discussions or agreements about particular services or products offered are prohibited, unless the contents of such discussions or agreements have been approved by IHES' antitrust counsel in advance.

Territorial Restrictions or Limitations

A third area of heightened sensitivity relates to any agreement or understanding among competitors that a buyer or seller will not enter a market in which another buyer or seller has already established a market presence. Competitors are prohibited from “dividing markets,” which means agreeing not to compete in areas that others already serve, or agreeing not to expand services. Either explicit or implicit agreements to restrict competition (either geographically or on services provided) are prohibited unless the contents of such discussions or agreements have been approved by IHES’ antitrust counsel in advance.

Relationship with Customers or Suppliers

The final area of greatest sensitivity is the potential for competing buyers or sellers to reach agreements (either explicit or understood), as to whether or not they will do business with some third party. For example, if executives from competing health systems were to agree not to do business with a particular supplier(s), such an agreement would restrict competition and is certainly contrary to the pro-competitive purposes of IHES. Consequently, such an agreement could violate the antitrust laws and would violate IHES’ policies. Similarly, agreements among competing suppliers to encourage their customers not to buy from a competing supplier could violate the antitrust laws. The creation of such agreements is prohibited as contrary to the purposes and intent of IHES and its activities.

The general principles and guidelines provided above should be used by participants in IHES events to ensure that their actions and communications are consistent with IHES’ policy of antitrust compliance. Bright lines do not always exist, and there may be a number of topics that fall between low- and high-risk conduct or communications. If IHES develops concerns about a particular activity or communication, IHES will consult antitrust counsel and reserves the right to respond to such activity as counsel advises.

IHES and participants in IHES events should remain aware of and sensitive to the limitations imposed on their activities by the antitrust laws. If at any time a participant believes that any discussion, communication or activity is inconsistent with the antitrust laws or IHES’ policy, that participant should make such concerns known to IHES leadership or management in a timely manner so that such actions or communications may be kept compliant with the policy reflected herein.