



June 97

Contract Information Sheet

**Sharps Disposal Systems
(Dual Source Award)
Revision #1**

PP-MS-011

Business Partner:

Graphic Controls
189 Van Rensselaer Street
Buffalo, NY 14240-1274

Contact:

R. Nicholas Beaver - National Accounts Manager
Phone: 716/848-6433 Fax: 716/847-7518

Commitment:

This agreement is part of the Commitment Program.

Member must execute the Premier Commitment Document and must commit to purchase a minimum of 80% of its requirements for this product category.

Until Graphic Controls can offer members currently using the Sage SharpStar sharps collection system a substantially equivalent system, the member's purchases of the Sage SharpStar products will not be included in the member's commitment requirement.

Products:

Sharps Collectors, In-Room Sharps Collectors, Phlebotomy Containers, Biohazard Containers, Chemotherapy Containers, Brackets, and Hardware

Agreement Period:

April 1, 1997 - March 31, 2002

Payment Terms:

Negotiated between the member and authorized distributor.

Distribution:

Products may be purchased through an authorized Graphic Controls distributor.

Transportation/Freight or Delivery:

Negotiated between the member and authorized distributor.

Pricing:

Pricing offered is net distributor pricing.

Premier Purchasing Partners, L.P.

San Diego
12730 High Bluff Drive
Suite 300
San Diego, CA 92130-2699
619.481.2727 • Fax 619.481.8919

Chicago
Three Westbank Corporate Center
Ninth Floor
Westchester, IL 60154-5735
708.409.4100 • Fax 708.409.3499

Charlotte
4301 Charlotte Park Drive (28217)
PO Box 668800
Charlotte, NC 28266-8800
704.529.3300 • Fax 704.527.3654

Washington, DC
400 N. Capital Street, NW
Suite 590
Washington, DC 20001-1511
202.393.0860 • Fax 202.393.6499

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Description of Acyclovir Products	NDC No.	Previous Own Use Price	New Own Use Price
100 x 200 mg caps	55953-0940-40	\$ 20.00	\$ 16.00
100 x 400 mg tabs	55953-0943-40	\$ 40.00	\$ 32.00
100 x 800 mg tabs	55953-0947-40	\$ 80.00	\$ 64.00

PREMIER REMOVES SAGE SHARPSTAR SHARPS DISPOSAL SYSTEM 'CARVE OUT'

The Med/Surg task force has removed the "carve out" on Sharpstar sharps disposal systems effective immediately. Members using the Sharpstar product may now begin buying compatible inpatient room sharps disposal units from Becton Dickinson or Graphic Controls. The comparable products are shown below:

BD = Guardian brand
Graphic Controls = Gator Guard brand

Description	BD Reorder No.	Graphic Controls Reorder No.	Graphic Controls Part No.
5.4 quart container (clear)	305446	N/A	N/A
5.4 quart container (clear pre-assembled)	305427	N/A	N/A
5.4 quart container (pearl)	305452	N/A	N/A
5.4 quart container (pearl pre-assembled)	305428	N/A	N/A
5.4 quart container (red)	305445	N/A	N/A
5.4 quart container (red pre-assembled)	305426	N/A	N/A
2 gallon container (almond)	N/A	4835	31307039
2 gallon container (clear)	305422	4835C	31323291
2 gallon container (red)	305435	4835R	31323309
2 gallon container (translucent almond)	N/A	4835T	31325525
2 gallon container (translucent red)	N/A	4835TR	31323333
2 gallon container (translucent yellow)	N/A	4835TY	31323358
2 gallon container (yellow)	N/A	4835Y	31323366
3 gallon container (almond)	N/A	4836	31307021
3 gallon container (clear)	305423	4836C	31315081
3 gallon container (red)	305436	4836R	31315065
3 gallon container (translucent almond)	N/A	4836T	31317475
3 gallon container (translucent red)	N/A	4836TR	31314886
3 gallon container (translucent yellow)	N/A	4836TY	31317483
3 gallon container (yellow)	N/A	4836Y	31317491

Continued

PREMIER
Purchasing Partners

June '97

Contract Information Sheet

Sharps Collectors
(Dual Source Award)
Revision #1

PP-MS-0012E

Business Partner:

Becton Dickinson and Company
Becton Dickinson Division
1 Becton Drive
Franklin Lakes, NJ 07417-1884

Contact:

Jack Palm - Strategic Accounts Manager
Phone: 805/374-8055 Fax: 805/381-9199

Commitment:

This agreement is part of the Commitment Program.

Member must execute the Premier Commitment Document and must commit to purchase a minimum of 90% of its requirements for this product category.

Until Becton Dickinson can offer members currently using the Sage SharpStar sharps collection system a substantially equivalent system, the member's purchases of the Sage SharpStar products will not be included in the member's commitment requirement.

Becton Dickinson and the member will adjust the annual dollar value of the member's annual purchasing commitment at the beginning of each contract year beginning April 1 and ending March 31 to reflect the prior year's actual purchases.

Products:

Sharps Collectors, In-Room Sharps Collectors, Phlebotomy Containers, Biohazard Containers, Chemotherapy Containers, and Hardware

Agreement Period:

April 1, 1997 - September 30, 2004

Payment Terms:

Negotiated between the member and authorized distributor.

Premier Purchasing Partners, L.P.

San Diego
12730 High Bluff Drive
Suite 300
San Diego, CA 92130-2079
619.481.2727 • Fax 619.441.8919

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Washington, DC
400 N. Capitol Street, NW
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202.393.0860 • Fax 202.393.6499

Contract Information Sheet

I.V. and Anesthesia Products
(Sole and Dual Source Award)

PP-IV-001A - 001K

Business Partner:

Baxter Healthcare Corporation
One Baxter Parkway
Deerfield, IL 60015

Contact:

Julius Smith, Jr. - Director, Health Systems, I.V. Systems Division
Phone: 847/270.5100 Fax: 847/270.6311

Commitment:

This agreement is part of the Commitment Program.

Participating Premier member must execute the Baxter I.V. Systems Bilateral Contract and Commitment Worksheet, and the Premier Commitment Document and must commit, unless otherwise indicated, to purchase a minimum of 90% of its annual requirement for each product category and for specific products within the product categories. Product categories include base solutions, drug delivery, I.V. administration sets, needless, parenteral nutrition, anesthesia and electronic infusion systems.

*Contract for
Base
Solutions: tie
in everything else*

Premier members on an existing Baxter agreement have one hundred thirty-five (135) days from November 1, 1996 (March 15, 1997) to sign on to this new agreement. New members to Premier or Premier members failing to sign on to this agreement within one hundred thirty-five (135) days may participate on this agreement with written notice to Baxter at least 90 days prior to the anniversary date of such existing agreement.

*Spells
out 7 areas*

Data Disclosure: Upon signature of the Baxter I.V. Systems Bilateral Contract and on February 1 of each year thereafter, member will disclose to Baxter their annual supply budget for products covered under this agreement. Budget information will include actual usage and actual volume of "like products". Such data will be supplied to Baxter on diskette in the ASCII format.

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Products:

I.V. Products, Base Solutions (LVP, Pour Bottles, Uromatic, Arthromatic), Drug Delivery (Liquid Pre-Mix, Mini-Bag™ Product, Mini-Bag Plus™ Product, Frozen Drug Delivery), I.V. Administration Sets (Basic Sets, InterLink® System), Parenteral Nutritions (Solutions: Amino Acids, Dextrose, Fats, Automix Product), Anesthesia Products (Pain Management, Regional Anesthesia, Airway Management, Anesthesia Miscellaneous), Electronic Infusion Systems (Pumps, Productivity Systems)

Agreement Period:

February 1, 1997 - January 31, 2004

Payment Terms:

Baxter Distribution: 2% 20 Days, Net 30 Days. Member shall pay a late payment service charge of 1-1/2% per month on all amounts past due.

Non Baxter Distributor: Negotiated between member and authorized distributor.

Distribution:

Products may be purchased through Baxter distribution or through an authorized Baxter distributor.

Transportation/Freight or Delivery:

Baxter Distribution: Net F.O.B. member location with all costs of transportation and insurance being paid by Baxter, with the exception of special delivery and/or air shipments, which will be prepaid by Baxter and invoiced to member.

Non Baxter Distributor: Negotiated between member and authorized Baxter distributor.

Pricing:

There are three levels of net pricing in conjunction with specific commitments described herein for products delivered through Baxter distribution (Exhibit A and Exhibit A1). For products delivered through an authorized Baxter distributor, Exhibit A and Exhibit A1 represents distributor net pricing. Member's purchase commitment, and hence its pricing level, will be determined through the completion of the Baxter Commitment Worksheet (Schedule B of the Bilateral Contract). Required products in the product categories differ between the three pricing levels and are denoted on the Baxter Commitment Worksheet with an "R" symbol. Pricing will become effective thirty (30) calendar days after Baxter and member sign the Baxter I.V. Systems Bilateral Contract, or upon the conversion date as indicated by member in the Bilateral Contract, whichever is later. Over achievement in one product category will not count towards

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Pricing: (continued)

the achievement of the purchase commitment in another product category. Should member *not* meet its purchase commitments, Baxter will adjust member's pricing level and member will repay the I.V. signing discount (described later). Member is required to purchase the designated required products of its pricing level with the following EXCEPTIONS:

- ① Drug Delivery: Member may achieve ninety percent (90%) purchase commitment through any one or any combination of these three required products: Mini-Bag™ Product, Mini-Bag Plus™ Product and Frozen Drug Delivery.

If a current member as of November 1, 1996 utilizes syringe pump technology in adult drug delivery the member may receive Level One or Level Two pricing (based on the appropriate purchase commitment) and \$100 per bed of the signing discount for the first three years of this agreement *without* purchasing Mini-Bag™ Product, Mini-Bag Plus™ Product and Frozen Drug Delivery. Further, member agrees to evaluate through a clinical trial the Mini-Bag™ Product, Mini-Bag Plus™ Product and Frozen Drug Delivery by January 31, 1998. If member does not complete a conversion to Baxter's Mini-Bag™ Product, Mini-Bag Plus™ Product and Frozen Drug Delivery by the end of the third year of this agreement, the remaining IV signing discount (\$100/Bed- Level One, \$150/Bed Level Two) will no longer be available and member's current level of pricing will be increased, in the aggregate, by a percent equal to the Urban CPI, or three percent (3%), whichever is lower, on February 1, 2000 and each subsequent year thereafter. Member must meet all other purchase commitments for pricing level to which the member commits and *cannot* utilize the EIS pump exception.

Pediatric, neo-natal or specialty units where clinical requirements preclude the use of the Baxter Mini-Bag™ product will earn Level One or Level Two pricing by meeting ninety percent (90%) compliance of the other required categories.

- ② IV Administration Sets / Needleless Systems: Members *not* utilizing needleless technology qualify for Level One or Level Two pricing (based on the appropriate purchase commitment) through the purchase of Basic IV Administration Sets. If member utilizes needleless technology then the InterLink® System is a required product through the purchase of InterLink® components. Blending of competitive needleless technology is not permissible. Members using competitive needleless systems must convert to

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Pricing:
(continued)

the InterLink® System by February 1, 1998. If Member fails to convert to the InterLink® System by February 1, 1998 their pricing will be adjusted to Level 0 for all products.

- ③ Parenteral Nutrition: Member may achieve Level One or Level Two pricing through the purchase of ninety percent (90%) of the total requirements of these three required products: Amino Acids, Dextrose or Fats.

If member elects to automate any portion of its TPN process or to utilize an Automix®-type product, then the Automix® System is a required product at the time of replacement of a competitive unit. Baxter must be able to demonstrate that the Automix® System is compatible with the facility's pharmacy management system. Members not automating any portion of their TPN process are not required to purchase the Automix® System.

If member currently utilizes an automated TPN unit other than the Automix® System, the member will be required to utilize the Automix® System at the time they are no longer contractually bound to its current leased unit or at the time of replacement of the current owned unit.

- ④ Anesthesia Products: Level Two pricing is achieved through a ninety percent (90%) purchase commitment to any two of the four Product Sub-categories or through a fifty percent (50%) purchase commitment to all four Product Sub-categories. The four Product Sub-categories are as follows:

Pain Management

Ambulatory PCA (APII)
IV PCA (PCAI)
PCA Sets
Pre-Filled Syringes

Regional Anesthesia

Spinal Trays
Epidural Trays
Regional Accessories

Airway Management

Endotracheal Tubes
Anesthesia Circuits
Masks
HMEs/Filters
Gas Sampling Items

Anesthesia Miscellaneous

Blood Fluid Warmer
(Thermacyl)
Blood Fluid Warmer
Disposables
OR Syringe Pumps
OR Syringe Pump Sets

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Pricing: (continued)

③ **Electronic Infusion Systems - Pumps:** Members committed to Level Two pricing but contractually committed to competitive pumps, will receive Level Two pricing for the first three years of this agreement and \$150 per bed of the I.V. signing discount. Member must meet all other purchase commitments of Level Two pricing and *cannot* utilize the drug delivery exception. Once member is no longer contractually committed to competitive pumps or within the first three years, member must convert to Baxter's pumps and pump products including I.V. administration sets. Upon conversion, member will receive Level Two pricing for the full seven (7) years of the agreement and the additional \$100 per bed signing discount. If member does *not* convert, then Level Two pricing and the remaining signing discount will no longer be available to member and member's pricing level will be adjusted to Level One.

④ **EIS - Productivity Systems:** If member *reevaluates* its current system or elects to *trial* an automated dispensing system for medications and supplies, then member must evaluate Baxter's Sure-Med® System through a clinical trial in order to receive Level Two pricing. If member selects a competitive system without a clinical trial of Baxter's system, then Level Two pricing will no longer be available to member and member's pricing level will be adjusted to Level One.

Price Protection:

Level One pricing will remain firm for the first four (4) years of the agreement (until January 31, 2001). On February 1, 2001 and each subsequent anniversary date thereafter, Level One pricing will be increased by a percent equal to the Urban CPI, or three percent (3%), whichever is lower. Level Two pricing will remain firm through the entire term of the agreement.

Ordering:

All purchase orders direct from Baxter may be placed by telephone, telecopier, or through electronic order entry through Baxter's local distribution center.

Baxter Distribution Minimum Order: Orders less than \$250 are subject to a \$40 minimum ordering fee.

Non Baxter Distribution: Negotiated between member and authorized Baxter distributor.

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Other Benefits:

I.V. Signing Discount: Baxter will pay member an I.V. signing discount equal to \$200 dollars per bed for Level One and \$250 per bed for Level Two for those members who sign and complete the Baxter I.V. Systems Bilateral Contract by March 15, 1997.

The signing discount can be increased by two percent (2%) if member elects to apply signing discount to any outstanding balance owed Baxter for purchase of products covered under this agreement. Any remaining signing discount will be distributed as described below.

The I.V. signing discount will be paid in three (3) equal payments in the form of a credit memo. The first payment will be made within ninety (90) days of the conversion date. The second and third payments will be paid within ninety (90) days of the first and second anniversary dates of conversion respectively, provided member is compliant with the terms and conditions of the Baxter I.V. Systems Bilateral Contract.

Members must be in compliance with the terms and conditions of the Baxter I.V. Systems Bilateral Contract in order to receive the above mentioned credit memo. Members not in compliance shall repay Baxter the dollar difference between the signing discount paid and the signing discount actually earned.

I.V. Competitive Based Solutions: Members contractually committed to a competitive I.V. solution contract will receive Level One pricing for the purchase of pumps and sets when purchases are less than 150 pumps, or Level Two pricing for the purchase of pumps and sets when purchasing 150 or more pumps. Members accessing this incentive must complete their conversion by January 31, 2000. This option expires on January 31, 2000.

Members contractually committed to a competitive I.V. solutions contract may receive Level Two pricing for anesthesia products by meeting the purchase commitments described under Anesthesia Products.

Anesthesia Gasses Discount: Members purchasing through an Ohmeda Pharmaceutical Products Division, Inc. agreement or through a Premier-Ohmeda group agreement for Forane® (Isoflurane) and Suprane® (Desflurane) inhalation gasses, will receive a one percent (1%) reduction in the net pricing for

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Other Benefits: (continued)

products in the Base Solutions product category. Member may terminate its eligibility for this discount at any time upon thirty (30) days prior written notice to Baxter.

Frozen Drug Product Discount: Members participating on Level Two pricing will receive a frozen drug product discount in an amount equal to \$0.60 per unit of frozen Ancef drug product and \$0.35 per unit of other frozen drug product purchased annually.

The discount will be calculated on the member conversion anniversary date and will be paid in the form of a credit memo issued within ninety (90) days of such anniversary date.

If member is currently participating under a VIP Incentive with Baxter and desires to continue to do so, member must indicate its election in Section V of the Baxter Commitment Worksheet.

Clintec Parenteral Nutrition Products: Baxter will loan members who have signed the Baxter Bilateral Contract hardware, software and accessories for the length of this agreement. Member shall return such equipment within fifteen (15) days of expiration or termination of the Baxter I.V. Systems Bilateral Contract.

SelecSource™ Drug Wholesaler Program: Member may elect to access SelecSource™ Drug Wholesaler program, allowing member to have drug products billed and/or distributed through third party distributors upon signature of appropriate documentation.

Set Standardization Program: Baxter will provide members participating on Level Two with the Baxter Set Standardization program. To receive a utilization review under this program, member must be utilizing the Flo-Gard® IV pump and the InterLink® System. From the utilization review, recommendations will be made to achieve a standardized approach to product selection and usage. Any savings identified through this program will be included in the Cost Savings Guarantee of the Wrap Around Incentive.

PCA Pump Conversion Discount: Baxter will provide member with a competitive PCA pump discount of \$200.00 off pricing as set forth in Level Two, per competitive pump converted and delivered to Baxter. This discount will be reflected on the invoice for the purchase of the PCA pumps. The Baxter Pump Placement Program is available to Premier members who wish to

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Other Benefits:
(continued)

pain management pumps without capital expenditure (see
Bilateral Contract for details).

Electronic Infusion System (EIS) Pump Conversion Discount:
Baxter will provide member with a competitive pump discount of
\$200.00 off pricing as set forth Level Two, per competitive EIS
pump converted and delivered to Baxter. This discount will be
reflected on the invoice for the purchase of the EIS pump
products.

Wrap Around Incentive: Member signing the Commitment
Document, Baxter I.V. Systems Bilateral Contract, committing to
Level Two pricing by March 15, 1997, and committing to certain
product categories under the Baxter/Premier Corporate
Agreement for a variety of surgical products will be eligible for a
Wrap Around Incentive as described in the Baxter/Premier
Corporate Agreement.

Available For:

This agreement is available for alternate site use.

Attachments:

Net Pricing and Product Listing (Exhibit A and Exhibit A1)
Authorized Distributor List
Sample Commitment Worksheet
Executive Summary
Questions and Answers
(Baxter Bilateral Contract and Commitment Worksheet will be
sent to you from Baxter)

11/27/96

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10. Conversion Process:

- Your local Baxter representative and your Premier Account Manager will be available to work with you and your facility as you begin to identify your commitment to this agreement.
- In order to be eligible for the Sign-On Bonus and corporate Wrap Around Bonus you MUST sign the Premier Commitment Document and the Baxter Bilateral Agreement no later than March 15, 1997. See the attached Contract Information Sheet for full details.
- Savings varies extensively from facility to facility due to the subjective nature of these products. It is very difficult to identify exact conversions between manufacturers. You should base your analysis on your aggregate sales rather than line itemization.
- Premier members are required to purchase the designated required products within the selected pricing level. See Exhibit A for the product requirement and the Contract Information Sheet for full details on the EXCEPTIONS to such requirements.

11. Additional Cost Savings Opportunities:

- Wrap Around Incentive - Guaranteed 7% savings per year.
- Signing Discount - Must sign-up within first 135 days.
- DSO Incentive - Additional 2% on outstanding balance.
- Anesthesia Gas Discount - Equal to 1% of total Base Solutions.
- Frozen Drug Discount - Ancef and others.

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Executive Summary

Disposable Anesthesia Products

PP-IV-001J
PP-OR-006

1. **Products and Award Types:**

Dual Source:

- Anesthesia Circuits
- Masks
- Gas Sampling Lines
- HMEs/Filters
- Disposable Laryngoscope Blades (Vital Signs)
- Oral Airways, Stylets (Vital Signs)

2. **Contract Type:**

Baxter: Corporate Agreement - Seven (7) year term.
Vital Signs: Product Line Agreement - Five (5) year term.

3. **Commitment/Compliance:** Members must commit to one of these agreements. These agreements are part of the Commitment Program and are subject to the Compliance Policy.

4. **Heritage Alliance Agreements:**

AmHS - Baxter, Kendall
Premier - SIMS/Intertech
Sun Health - Baxter

On the commencement date of the contract, any other Baxter agreements covering these products are superseded upon Members execution of the appropriate documentation.

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Executive Summary

I.V. and Anesthesia Products
(Sole and Dual Source Award)

PP-IV-001A - 001K

1. Products and Award Types:

Sole Source:

- Base Solutions - (LVP, Pour Bottles, Uromatic, Arthromatic).
- Drug Delivery - (Liquid Pre-Mix, Mini-Bag, Mini-Bag Plus, Frozen Drug Delivery).
- I.V. Administration Sets - (Basic Sets, InterLink System).
- Parenteral Nutritions - (Amino Acids, Dextrose, Fats, Automix Product).

Dual Source:

- Anesthesia - (Pain Management, Regional Management, Airway Management, Miscellaneous).
- Electronic Infusion Systems - (Pumps, Productivity Systems).

2. Contract Type: Corporate Agreement - Seven (7) year term.

3. Commitment/Compliance: All dual and sole source product categories contained within this corporate agreement are part of the Commitment Program and are subject to the Compliance Policy.

4. Heritage Alliance Agreements:

AmHS - Baxter
Premier - Baxter
SunHealth - Abbott

On the commencement date of the contract, any other Baxter agreements covering the same products are superseded upon members execution of the appropriate documentation. Former SunHealth members that have existing bilateral agreements in place with Abbott will continue to access those agreements until they officially expire.

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5. **Clinical Review:** The task forces reviewed the individual product lines to ensure their clinical acceptability.
6. **Decision Making Process:**
 - The Joint Med/Surg - Pharmacy Task Force comprised of 9 Material Managers and 6 Registered Pharmacists voted to make this a sole source, committed agreement.
 - The task force reviewed proposals from Abbott Laboratories and Baxter Healthcare.
 - Both proposals included pricing for basic sets and solutions, parenteral nutritions, drug delivery, anesthesia products, pain management products, needleless products, and flow control pumps.
 - The Baxter analysis reviewed 472 of the total 1177 line items offered, representing over 85% of the total annual purchases.
7. **Premier Marketshare:** The following figures are approximated and do not include members of the former SunHealth Alliance.

• Anesthesia Products	45%
• Drug Delivery	92%
• LVP's	95%
• Parenterals	80%
• Administration Sets	92%
• InterLink	52%
8. **Conversion Costs:** To offset conversion related costs, Baxter has agreed to fund a dollar-per-bed Signing Discount.
9. **Obstacles to Conversion:** Please refer to the Question & Answer document that was prepared specifically for this agreement.

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5. **Clinical Review:** Clinical review was provided by the task force members' clinical end users. Based upon this clinical input and the review criteria listed below Baxter and Vital Signs were selected.

6. **Decision Making Process:**
 - The Operating Room Task Force composed of Materials Managers, OR Directors voted to make this a dual source committed agreement.
 - Proposals were considered from: Baxter, Kendall, Mallinckrodt, SIMS, and Vital Signs.
 - Review Criteria: Financially superior offering, clinically acceptable products, breadth of product offering, manufacturing capacity, and ability to service entire Premier membership.

7. **Premier Market Share:**

The estimated total potential Premier dollar volume for disposable anesthesia products is \$28,000,000.

Approximate Premier Market Share is as follows:

 - Baxter 15%
 - Vital Signs 40%

8. **Conversion Costs:** No related conversion costs.

9. **Obstacles to Conversion:** Please refer to the Questions and Answers document that was prepared specifically for this agreement.

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Questions and Answers

I.V. and Anesthesia Products
(Sole and Dual Source Award)

PP-IV-001A - 001K

Q1: What happens if I sign the Bilateral and Commitment Document within the first 135 days but am unable to convert until a much later date due to an existing agreement?

A: *You will qualify for all the terms and conditions, exceptions, and incentives within the designated time frames as outlined in the Bilateral. Pricing becomes effective upon conversion.*

Q2: What happened to the Baxter V.I.P. for Drug Delivery?

A: *Members committing to Level Two can receive the VIP. Members committing to Level One will need to be reviewed to avoid any conflict with Level Two pricing.*

Q3: Will special pricing be given to members of the former SunHealth that are currently purchasing from an Abbott contract?

A: *Former SunHealth members are eligible for all pricing, terms and conditions, exceptions, and incentives of the agreement as long as the Bilateral and Commitment Documents are signed within the first 135 days. Pricing becomes effective upon conversion. It is important to note that there are conversion deadlines to be eligible for the various incentives within the agreement. Carefully review the Contract Information Sheet for the various deadlines.*

Q4: Am I eligible for the "wrap around" bonus if I decide 6 or 8 months from now that I want to participate in the total Baxter package?

A: *No, you must commit to the IV/Anesthesia and Surgical agreements within the next 135 days to be eligible for the "wrap around" bonus.*

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Q10: How much money will I save on this agreement?

A: *Savings will vary from facility to facility depending upon your heritage alliance and your participation level on the previous agreement. Savings is also dependent upon your commitment to either Level One or Level Two. The greater the commitment the greater the savings.*

Q11: Are infusion pumps on the commitment program?

A: *Yes. Infusion pumps are a dual award with the second manufacturer to be determined.*

Q12: What must I do to receive my IV signing bonus?

A: *In order to receive the IV signing bonus you must meet all the commitment requirements for the Level you have selected. The bonus is paid out in three installments: upon conversion, 90 days after the first anniversary date of conversion and 90 days after the second anniversary date.*

Q13: What happens if I cannot meet my commitment as I initially indicated?

A: *If you fail to meet the commitment Level as agreed to on the Bilateral your pricing Level shall be adjusted and any unearned signing bonus received shall be repaid to Baxter.*

Q14: Can I commit to this IV / Anesthesia agreement without committing to the Baxter Surgical Agreement.

A: *Yes, there are separate commitment documents for the IV / Anesthesia and Surgical Agreement. But keep in mind, products on both contracts are on the Premier commitment program.*

Q15: If I do not utilize a "needleless" system must I go needleless to comply with this contract?

A: *No. Members not utilizing needleless technology qualify for Level One or Level Two pricing through the purchase of Basic IV Administration Sets from Baxter.*

PREMIER GROUP PURCHASING POLICY

PREFACE

Premier is a voluntary alliance of hospital and health care organizations, established in part to achieve economies of scale and innovations through group strategies and shared resources.

Because supplies, materials, and equipment represent a substantial percentage of the cost of providing health services, group purchasing is a fundamental activity of the company. Premier's purchasing program is operated by American Healthcare Systems Purchasing Partners, L. P. ("Purchasing Partners"), in which virtually all Premier owners are owners. The group purchasing contracts developed by Purchasing Partners are made available for use by all Premier owner organizations and affiliates consistent with policies.

The hospital and health care organizations that are owners of Premier have agreed to undertake the strategy of increased commitment to group purchasing contracts. Controlling and reducing supply costs is essential to members' competitiveness with other providers and their ability to sustain high-quality services.

Commitment is the most effective strategy to attract and maintain superior supply pricing immediately and over time.

- The ability to pool and commit the large purchasing volume of the entire membership is essential to meet competition posed by other alliances and group purchasing organizations.
 - The growing purchasing leverage of large national hospital systems.
 - The market power of increasingly large and consolidating suppliers.
- The consensus surrounding commitment as a strategy is reflected in the organizational documents of the Premier group of companies. Premier owners have incorporated this precept into their stockholders' agreement. This precept is also incorporated in the partnership agreement on which Purchasing Partners is founded.
- Consistent with the conclusions, consensus, and direction above, this Group Purchasing Policy has been developed by a task force comprising representatives of Premier's owner organizations, management and staff. The policy applies to Premier owners and limited partners in Purchasing Partners, their related organizations, and affiliates ("members").

GENERAL POLICY PROVISIONS

- Purpose. The purpose of the purchasing program and the commitment program is to provide superior value to members through contract pricing and services targeted to reduce costs within the health care system, hospital or primary care site, ultimately reducing health care costs for the consumer. In addition, a primary objective shall be to help assure that patients receive safe and efficacious care.
- In return for ensuring value to members, the purchasing program will provide business partners with the benefits of rapid conversion, reduced business costs, and a large, stable market for their products.
- Quality. The purchasing program will continue to contract for high quality supplies and services with reputable business partners. Premier's quality standards shall continue to be a direct derivative of the quality standards of members. Therefore, contract award processes will include extensive evaluation and member input ensuring product quality and acceptability.
- Strategy. Strong commitment to group purchasing contracts will be the primary strategy by which the purchasing program will provide unsurpassed value and advantages by virtue of competitive pricing. The intent is that Premier will be established as the nation's most compliant group, able to command the best market pricing by affording improved negotiation positioning.

- Obligations of members/*spirit of intent.*
 - Preference. Members will look first to the Premier program for their purchasing needs and fully utilize all group contracts to the extent possible.
 - Confidentiality/leverage. Members will protect the confidentiality of Premier group contract prices and terms, and in no event will leverage Premier prices to obtain a better price.
 - Primary obligation. Members will utilize Purchasing Partners as their sole national group purchasing organization. In addition, members may participate in one local or regional group purchasing organization for supplies not contracted by the Premier program.
 - Commitment Program. Members will meet the requirements of the Commitment Program set forth in this policy.

COMMITMENT PROGRAM

Committed Program Contracts

- Contracts to be included in Committed Program portfolio upon full implementation. The Commitment Program will include all group purchasing contracts that are designated as the following:
 - Corporate Agreements
 - Strategic Agreements
 - Premier Pharmacy Program (includes all pharmacy agreements in the Premier portfolio)
 - Other Committed Medical/Surgical Agreements (such as dressings, gloves)
 - Committed Capital Equipment Agreements (to be evaluated for inclusion at a later time)
 - Committed Dietary Program (to be evaluated for inclusion at a later time)

The Purchasing Compliance Task Force, in consultation with purchasing program staff, shall identify the group agreements that will be designated as Corporate and Strategic Agreements. Once negotiated and signed, all Corporate Agreements and Strategic Agreements will be immediately included in the Commitment Program. Additional group contracts will be added to the Committed Program, but such additions must go through a three-step process. They must be recommended by a purchasing task force and then be approved by the Purchasing Compliance

Task Force, prior to review and approval by the appropriate committees.

- Contracts initially included in Commitment Program. Immediately upon adoption of this policy, the following are included in the Commitment Program:
 - Premier Pharmacy Program (all pharmacy agreements in Premier portfolio)
 - Radiology film contract, designated as a Strategic Agreement
 - Contrast media contracts, designated as Strategic Agreements

Implementation And Program Provisions

- Letter of intent to commit. To immediately demonstrate the depth and strength of the Premier group's commitment to its group purchasing strategies, all members will execute a Premier Purchasing Commitment Program Letter of Intent (Attachment A). Those that are members upon the effective date of this policy will execute such Letters of Intent by July 1, 1996. Those becoming members after the effective date of this policy will execute such Letters of Intent concurrently with their membership documents.

- Separate letter of commitment to contracts/contract categories. In addition to the general Letter of Intent above, the chief executive officers of member organizations will execute a separate Letter of Commitment (within

time periods to be identified) to the Premier Pharmacy Program and to each of the Corporate Agreements and Strategic Agreements entered into by Purchasing Partners. Commitments to other agreements will be executed by the appropriate hospital/health system official.

■ **Schedule for contracts initially included in program.**

- **Premier Pharmacy Program:** Existing members will execute a Letter of Commitment no later than July 1, 1996, and implement utilization of these agreements by October 1, 1996. Those becoming members after July 1, 1996, will execute a Letter of Commitment within 60 days of their becoming members and implement utilization immediately or upon expiration of existing contracts.

- **Radiology film and contrast media:** Existing members will execute a Letter of Commitment no later than July 1, 1996, and implement utilization immediately or upon expiration of existing contracts. Those becoming members after July 1, 1996, will execute a Letter of Commitment within 60 days of their becoming members and implement utilization immediately or upon expiration of existing contracts.

■ **Transition period.** While full commitment of the members is expected, it is recognized that some period of time may be required for members to fully implement utilization of some contracts. Written phase-in strategies will be acceptable where necessary and where

intent is clear. In general, members should be utilizing Committed Program group contracts within six months to one year of their contract's start date (depending upon the type of contract), unless granted an exception in writing as provided in this policy.

■ **Commitment levels.** "Full commitment levels" will be defined for each specific group contract or contract category. In general, full commitment will mean utilizing Premier group agreements for 80 to 90 percent of a member's needs for the products and services covered by a contract. A member that purchases all products necessary for its operations will be considered fully committed even if other defined levels are not met.

For purposes of this policy, commitment to the Premier Pharmacy Program will be defined as a member's using Premier group contracts for acquisition of 95 percent of the member's total pharmacy purchases in those product areas covered by Premier contracts.

■ **Solicitation of quotations, renewals and extensions.** Consistent with the intent that Premier's group purchasing program will be committed, it is also the intent that members will not independently solicit quotations from suppliers for products or services covered under Committed Program agreements, nor use the pricing offered under any Premier contract to leverage the pricing that might be offered directly to members by suppliers.

In addition, once a group contract or contract category has been announced as included in Premier's Committed

Program, members will not contract independently for products in areas covered by these contracts, nor renew or extend existing agreements for such products.

■ Outside service providers. If a member contracts with an external company for departmental management, the member will require that company to utilize Premier group agreements for products and services utilized in the member location. Such providers will enter into a confidentiality agreement relating to pricing and other terms. Exceptions will be considered for pre-existing arrangements.

■ Exceptions. Members will utilize group contracts included in the Committed Program to their full extent within six months to one year of contract start date unless they are granted an exception for one of the following reasons:

- Premier and the member agree that the business partner awarded a contract does not service the member site.
- The product is not used by the member because it does not treat the conditions requiring it.
- The member has a pre-existing contract in place but has signed a letter of intent to convert to the Premier's contract upon expiration. (Members will discontinue "evergreen" contracts at the earliest possible date.)

■ Related organizations and affiliates. Premier owners are responsible for adherence to the Group Purchasing

Policy by each owned, leased, or managed facility as well as affiliates they sponsor.

■ Under-utilized businesses. Commitment requirements and group contract development will be consistent with the provisions of Purchasing Partners governing instruments relating to assisting historically under-utilized businesses or other enterprises controlled by socially disadvantaged groups, such as enterprises owned by minorities or women.

Program Administration

■ Program direction and oversight. Administration of the Committed Program will be under the direction and oversight of the Board Purchasing Compliance Committee, composed of chief executive officers of organizations that are shareholders in Premier and limited partners in Purchasing Partners, with support from purchasing program management and staff. This committee, appointed by the Premier Board of Directors, will:

- Recommend additions, changes, or modifications to the Group Purchasing Policy.
- Be responsible to the Board of Directors for insuring that all members have executed a Purchasing Commitment Letter of Intent and the appropriate letters of commitment to Corporate and Strategic Agreements.
- Receive recommendations from the Purchasing Compliance Task Force (see below) with regard to individual members' adherence to the Group

Purchasing Policy and take or recommend the necessary actions.

- Review exception requests that have been granted by the Purchasing Compliance Task Force for informational purposes from time to time.
- Review commitment progress among all members and take appropriate action to keep members apprised of their status and the group's overall standing.

The Purchasing Compliance Task Force will be composed of chief executives, chief operating officers, chief financial officers, materials managers, pharmacists and other clinicians, as appropriate, all from member organizations. This task force will:

- Review exception requests to the Commitment Program that are made by members and be empowered to grant or deny these requests.
- Monitor members' adherence to the Group Purchasing Policy and Commitment Program.
- Recommend to the Board Purchasing Compliance Committee, from time to time, changes, modifications, and improvements to the Group Purchasing Policy.
- **Monitoring and reporting.** Premier purchasing management and staff will support the Commitment Program by providing reports and evaluations on an on-going basis to the Purchasing Compliance Task Force and the Board Purchasing Compliance Committee.

Status reports will be prepared quarterly. Compliance monitoring will be handled on a per-member, per-contract basis. Member completion of letters of intent and commitment will be closely tracked. Each letter of commitment will require inclusion of an estimated annual volume potential that will be confirmed by the contracted business partner. Actual volumes will be compared to this potential volume as well as to average potential estimates as provided by each business partner as part of the contract award.

Rewards And Penalties

- **Basis.** The full expectation is that Premier's Commitment Program will yield for all members substantial financial returns, most significantly in operating costs saved through superior marketplace pricing but also through increased effectiveness of the Premier purchasing program. To achieve such returns in aggregate and individually, members will rely upon one another to sustain the purchasing commitment essential to that goal.

Because a member's failing to commit as others do will erode the strength of Premier's program and make it impossible to achieve optimum pricing and benefits for all, it is the intent of the members that lack of commitment as set forth in this policy will be subject to action by the members, acting through the appropriate committees and the Board. The first intent of all such action shall be to achieve commitment by addressing concerns or impediments as they arise.

Approved by the Board of Directors
April 17, 1996

This policy shall be effective immediately
upon its approval by the Board of Directors
of Premier.

Effective Time

ATTACHMENT A TO POLICY

PREMIER PURCHASING COMMITMENT PROGRAM
LETTER OF INTENT

The undersigned organization, eligible to participate in the Premier Purchasing Program by virtue of ownership or affiliation, hereby states its intent to comply with the Premier Group Purchasing Policy approved by its governing body, a copy of which has been provided to us. This intent is based on recognition that full commitment to the group contracts of a large alliance group is essential to our obtaining market pricing for supplies that will enable our organization to remain competitive locally and provide high-quality health services within increasingly constrained payment rates. This intent is based as well on recognition that the pooling of large volume in combination with commitment is necessary to address the competition of growing national health care systems and other group purchasing organizations, and the market power of increasingly large and consolidating supplier companies.

- Our organization will abide by the Premier Group Purchasing Policy, to include:
- Commitment to look first to the Premier Group Purchasing Program for our organization's purchasing needs and fully utilize group contracts to the extent possible.
 - Commitment to protect the confidentiality of Premier group contract prices and terms, and in no event to leverage Premier prices to obtain a better price.
 - Commitment to utilize the Premier Group Purchasing Program as our sole national group purchasing organization, with the understanding that our organization may, in addition, participate in one local or regional group purchasing organization for supplies not contracted by the Premier program.
 - Commitment to enter into a letter of commitment, in a timely fashion, for the Premier Pharmacy Program and all Corporate Agreements, Strategic Agreements, and other contracts included in the Committed Program portfolio.

■ Commitment to be subject with others participating in the program to the monitoring of our compliance with the policy and to appropriate action in the event our compliance is not consistent with policy provisions. It is understood that action may include termination of our participation in the program and/or Premier organization, consistent with the provisions of governing instruments, if our failing to sustain commitment is detrimental to the purposes and objectives of the purchasing program and thereby detrimental to members as a group.

SAMPLE ONLY

ATTACHMENT A TO POLICY

PREMIER PURCHASING COMMITMENT PROGRAM LETTER OF INTENT

(Continued)

PARTICIPATING MEMBER

Organization Name _____

City/State _____

Title _____

Signature _____

Date _____

Materials Executive (Print Name) _____

Pharmacy Director (Print Name) _____

Title _____

Title _____

Signature _____

Signature _____

Date _____

Date _____

ACKNOWLEDGED: PREMIER PURCHASING PARTNERS

Alan Weinstein, Chairman _____

Date _____

RETURN TO: Premier Purchasing Program, Chicago Office
Three Westbrook Corporate Center - 9th Floor
Westchester, IL 60154

Premier Group Purchasing Program - Chicago
Three Westbrock Corporate Center - 9th Floor
Westchester, IL 60154

www.AMHS.com
www.Premier.com

Executive Summary

Blood/Specimen Collection
(Sole Source Award)

PP-LA-001A

1. Products and Award Types:

Sole Source:

- VACUTAINER Brand Blood Collection Sets
- VACUTAINER Brand Tubes
- UNOPETTE Brand Tests
- SST Brand Tubes
- SEDITAINER Brand Tubes
- MICROTAINER Brand Tubes
- VACUTAINER Brand Tubes with HEMOGARD Closure
- SST Brand Tubes with HEMOGARD Closure
- VACUTAINER Brand PLUS Tubes
- VACUTAINER Brand PLUS SST Tubes

2. Contract Type:

Corporate Agreement - Seven and one-half (7.5) year term

3. Commitment/Compliance:

This agreement is part of the Commitment Program and is subject to the Compliance Policy.

4. Heritage Alliance Agreements:

- AmHS - Becton Dickinson
- Premier - Becton Dickinson
- Sun Health - Becton Dickinson

5. Clinical Review:

Clinical review was provided by the task force members. Based upon this clinical input and the review criteria listed below Becton Dickinson was selected.

Premier Purchasing Partners, L.P.
San Diego
12730 High Bluff Drive
Suite 300
San Diego, CA 92130-2070
619.481.2727 • Fax 619.481.8919

Chicago
Three Westbrook Corporate Center
Mintz Road
Westchester, IL 60154-5735
708.409.1100 • Fax 708.409.3497

Charlotte
4501 Charlotte Park Drive (28217)
P.O. Box 66880
Charlotte, NC 28266-8800
704.529.3300 • Fax 704.527.3634

Washington, DC
400 N. Capital Street, NW
Suite 300
Washington, DC 20001-1511
202.393.0860 • Fax 202.393.6499

6. **Decision Making Process:**

- The Laboratory Task Force comprised of Materials Managers, Laboratory Directors and Pathologist voted to make this a sole source committed agreement.
- Proposals were considered from: Becton Dickinson and Sherwood.
- Review Criteria: Financially superior offering, clinically acceptable products, breadth of product offering, manufacturing capacity, and ability to service entire Premier membership.

7. **Premier Market Share:**

The estimated total potential Premier dollar volume for Blood Collection Products is \$29.9 million.

Becton Dickinson's approximate Premier Market Share is 95%.

8. **Conversion Costs:** No related conversion costs.

9. **Obstacles to Conversion:** Obstacles for conversion will be on a case by case basis.

10. **Conversion Process:**

- Your local Becton Dickinson representative and Premier account manager will be available to work with you and your facility as you begin to identify your commitment to this agreement.
- Savings vary extensively from facility to facility depending on what Heritage Alliance your facility was a member of and which manufacturer your facility was purchasing from.

11. Additional Cost Savings Opportunities:

- On an annual basis, Becton will provide a Bonus Discount to each Bonus Discount Beneficiary that fulfills the conditions set forth in Section 5.7 hereof equal to two percent (2%) of the dollar volume at dealer net acquisition cost of that Beneficiary's purchases of Products during a Compliance Year.
- Becton will conduct CUSTOMER NEEDS ASSESSMENT PROCESS ("CNAP") in five (5) mutually agreed upon participating members. Program objectives include identification of areas of waste and inefficiency in laboratory processes for resolution and cost reduction. Data gained will be used as general benchmark for other Premier members. The CNAP will identify cost reduction and process efficiency improvements that can be benchmarked throughout the system.

Contract Information Sheet

Blood/Specimen Collection
(Sole Source Award)

PP-LA-001A

Business Partner:

Becton Dickinson and Company
Becton Dickinson Division
1 Becton Drive
Franklin Lakes, NJ 07417-1884

Contact:

Jack Palm - Strategic Account Manager
Phone: 201/847-6701 Fax: 201/847-5507

Commitment:

This agreement is part of the Commitment Program.

Member must execute the Premier Commitment Document and must commit to purchase a minimum of 90% of its requirements for this product category.

Becton Dickinson and the member will adjust the annual dollar value of the member's annual purchasing commitment at the beginning of each contract year beginning April 1 and ending March 31 to reflect the prior year's actual purchases.

Products:

VACUTAINER Brand Blood Collection Sets, VACUTAINER Brand Tubes, UNOPETTE Brand Tests, SST Brand Tubes, SEDITAINER Brand Tubes, MICROTAINER Brand Tubes, VACUTAINER Brand Tubes with HEMOGARD Closure, SST Brand Tubes with HEMOGARD Closure, VACUTAINER Brand PLUS Tubes, VACUTAINER Brand PLUS SST Tubes.

Agreement Period:

April 1, 1997 - September 30, 2004

Payment Terms:

Negotiated between the member and authorized distributor.

Distribution:

Products may be purchased through an authorized Becton Dickinson distributor.

Premier Purchasing Partners, L.P.

San Diego
12730 High Bluff Drive
Suite 300
San Diego, CA 92130-2099
619.481.2727 • Fax 619.481.8919

Chicago
Three Westbank Corporate Center
Ninth Floor
Westchester, IL 60154-5735
708.409.4109 • Fax 708.409.3499

Charlotte
4501 Charlotte Park Drive (28217)
PO Box 668800
Charlotte, NC 28266-8800
704.529.3300 • Fax 704.527.3654

Washington, DC
400 N. Capitol Street, NW
Suite 590
Washington, DC 20001-1511
202.393.0860 • Fax 202.393.6499

**Transportation/Freight
or Delivery:**

Negotiated between the member and authorized distributor.

Pricing:

Pricing offered is net distributor pricing.

Within the pricing offered is formulary product pricing which defines a set of products (marked "Formulary" on the price list) which, if adopted by the member as the primary items purchased within the product category, will deliver optimum utilization and value without compromising patient treatment or outcomes.

Price Protection:

Pricing will remain firm for the first thirty-six (36) months of this agreement (through March 31, 2000). On April 1, 2000 and each subsequent anniversary date thereafter, pricing may be increased by no more than four percent (4%).

Ordering:

Negotiated between the member and authorized distributor.

Incentives:

Compliance Incentive Program

The Compliance Incentive Program consists of two compliance components: Category I and Category II.

Category I Product Groups

Hypodermic
Interlink Components
Surgical Scrubs
Blood/Specimen Collection
Blood/Specimen Collection
Ancillary
Manual Microbiology
BACTEC (For members using BACTEC)
Surgical & Specialty Blades (non-ophthalmic)

Category II Product Groups

I.V. Catheters
I.V. Site Management
Sharps Collectors
Falcon Tubes

Category I Compliance Component

A member must purchase ninety percent (90%) of their annual requirements for the product categories as measured in dollars and referenced in the Commitment Document for all Category I product groups (98% for blood collection tube products) during a Compliance Year.

Category II Compliance Component
A member must purchase ninety percent (90%) of their
commitment requirement for any Category II product group that is
selected by the member and identified in its Commitment
Document during a Compliance Year.

Achievement of these compliance components can potentially
qualify members for an additional compliance incentive equal to
two percent (2%) of purchases. The details of eligibility and
qualification are currently being developed and will be
communicated shortly in a future contract mailing.

This agreement is available for alternate site use.

Executive Summary
Net Distributor Price List
Questions & Answers

Available For:
Attachments:

Date: January 28, 1997

PREMIER

October 1, 2000

To: Premier Business Partners

From: Herb Johnson, Executive Vice President, Premier, Inc.

Subject: 2000 Premier Partnerships Meeting, November 15-16, 2000

It is a pleasure to invite you to attend the 2000 Premier Partnerships Meeting being held at the Westin Hotel O'Hare, Rosemont, IL (just outside Chicago) on Thursday, November 16, from 8 a.m. to 2:00 p.m. The meeting will be preceded by a Gala Event from 7-10 p.m. on Wednesday, November 15.

Highlights of the program on Thursday include:

- Information on Premier's strategic direction from members of Premier's executive team.
- * • Keynote address, on the impact of the election on healthcare, by Gloria Borger, Journalist, U.S. News & World Report and CBS News.
- Opportunities to meet with key Premier staff during the Program Stations, a trade show-like event whereby contracting and senior staff will be stationed at specific areas. Business partners are encouraged to visit staff at these designated times.
- Contracting sessions. Updates on Premier lines of business from staff will be offered in individual breakout sessions on Thursday morning. Please sign up for the session you are most interested in attending on the enclosed registration form.

Registration materials are enclosed. **Because of the significant turnout for this meeting, we must limit participation to three attendees from each invited company.** You have been designated as the company contact who is asked to decide which three staff members are invited to attend. Please forward the registration packets to those within your company whom you feel would benefit most by attending. Please note that hotel space at the Westin is limited and reservations will be accepted on a first-come first-served basis. Once we reach capacity at the Westin, you will need to make reservations at another area hotel. A list of suggested alternate hotels is enclosed.

Meeting registration forms are due to Premier's Chicago office by November 1, 2000.

We look forward to seeing you in November. If you have any questions, please call Donna Masiulewicz, CMP, meeting planner, at 630.891.4473.

Enclosures

Premier, Inc. and related companies

San Diego
12225 El Camino Real
San Diego, CA 92130
858.481.2727 • Fax 858.481.8919

Chicago
700 Commerce Drive
Suite 100
Oak Brook, IL 60523
630.891.4100 • Fax 630.368.5310

Charlotte
2320 Cascade Pointe Blvd. (28208)
Suite 100
PO Box 668800
Charlotte, NC 28266-8800
704.357.0022 • Fax 704.357.6611

www.premierinc.com

Washington, DC
444 N. Capitol Street, NW
Suite 625
Washington, DC 20001-1511
202.393.0860 • Fax 202.393.6499

PREMIER

2000 Premier Partnerships Meeting
The Westin Hotel O'Hare, Rosemont, IL

AGENDA

Wednesday, November 15

5-8 p.m. **REGISTRATION - Astor Ballroom Foyer East**

5-7 p.m. **PREMIER PROGRAM STATIONS – LaSalle Ballroom**
At this time, business partners may choose to visit Premier contract and program staff stations as follows: Provider Select, Cardiology, Imaging, OR, Capital, Laboratory, Med/Surg, Food Service, Pharmacy, Medibuy, Dynamic Pricing, Safety, Commercial Analytic Services, Supply Chain Management, Marketing, and Healthcare Resource Management.

7-10 p.m. **WELCOME GALA - Astor Ballroom**

Thursday, November 16

All general sessions in Astor Ballroom.

7 a.m.-noon **REGISTRATION - Astor Ballroom Foyer East**

7-8 a.m. **CONTINENTAL BREAKFAST - Astor Ballroom Foyer East**

8-9:30 a.m. **SUPPLY CHAIN STRATEGIES FOR THE FUTURE**
Herb Johnson, Executive Vice President, Premier

9:30-10:15 a.m. **IMPACT OF THE ELECTION ON HEALTHCARE**
Gloria Borger, Journalist, *U.S. News & World Report* and *CBS News* (invited)

10:15-10:45 a.m. **BREAK (Move to Breakouts)**

10:45-11:30 a.m. **PURCHASING PROGRAM BREAKOUTS**
These sessions offer an opportunity to meet with program staff in a more formal setting. After a brief review, staff will talk with business partners about future plans and will answer questions.

- A. Capital
- B. Clinical Initiatives
- C. Electronic Commerce/Medibuy
- D. Food Service
- E. Laboratory
- F. Med/Surg
- G. Pharmacy/Rational Choice
- H. Provider Select
- I. Safety Initiatives

11:30 a.m.-2 p.m. **LUNCHEON/PREMIER PROGRAM STATIONS – LaSalle Ballroom**
At this time, business partners may choose to visit Premier contract and program staff stations as follows: Provider Select, Cardiology, Imaging, OR, Capital, Laboratory, Med/Surg, Food Service, Pharmacy, Medibuy, Dynamic Pricing, Safety, Commercial Analytic Services, Supply Chain Management, Marketing, and Healthcare Resource Management.

2 p.m. **MEETING ADJOURNS**

PREMIER

Business Partner Registration Form

(Please duplicate registration form for additional attendees.)

2000 Premier Partnerships Meeting ♦ Westin Hotel O'Hare, Rosemont, IL November 15-16, 2000

ATTENDANCE

Premier's receipt of this completed registration form guarantees your participation in this meeting. A confirmation note will be sent to you. Each invited company will be limited to three participants **ONLY** (see invitation letter). Please provide the following registration information.

Name _____
(Please print clearly or attach business card)

Badge Name _____

Title _____

Company _____

Address _____

City/State/ZIP _____

Phone _____

Fax _____

Emergency Contact/Phone _____

HOTEL ACCOMMODATIONS

Please call the Westin Hotel O'Hare directly to make your hotel accommodations (Phone: 847.698.6000). Mention that you are a participant of the 2000 Premier Partnerships meeting--make your reservation early. You will need a credit card to secure your reservation (\$186/night - single/double). Hotel check-in is 3:00 p.m. and check-out is 1:00 p.m.

See enclosed information for details on alternate hotels if you are informed that the Westin is sold out.

AIRLINE TRANSPORTATION

We encourage you to use Premier's exclusive travel agency, Mann Travels. See enclosed information for details.

GROUND TRANSPORTATION

See enclosed information for directions to the Westin Hotel O'Hare and shuttle information between O'Hare International Airport and the hotel.

SPECIAL NEEDS (i.e. dietary, etc.) _____

EVENTS

Wednesday, November 15
Premier Program Stations (5-7pm) _____ Attendee

Gala Reception (7-10pm) _____

Thursday, November 16
Continental Breakfast (7-8am) _____

General Session (8-11:30am) _____

Luncheon/
Premier Program Stations (11:30am-2pm) _____

PURCHASING PROGRAM BREAKOUTS
Concurrent sessions; please choose one (10:45-11:30am)

Capital _____

Clinical Initiatives _____

Electronic Commerce/Medibuy _____

Food Service _____

Laboratory _____

Med/Surg _____

Pharmacy/Rational Choice _____

Provider Select _____

Safety Initiatives _____

THIS FORM IS DUE NOVEMBER 1, 2000

FAX TO: 630.891.4578

Questions? Call Donna Masiulewicz, CMP, meeting manager, at 630.891.4473

OR

Laura Hozian, registration coordinator, at 630.891.4474.



**2000 Premier Partnerships Meeting
The Westin Hotel O'Hare
Rosemont, IL
November 15-16, 2000**

Mann Travels is Premier's exclusive travel agency, and will be able to assist you with your airline travel. Please call Mann Travels at least fourteen days prior to departure with your travel requirements.

Important Note: Since airfares are not guaranteed until the ticket is issued, please plan to confirm your reservation with a major credit card as soon as possible to obtain the most convenient schedule for your travel. **You might be issued a nontransferable airline ticket; any penalties incurred because of cancellations or changes will be the responsibility of the individual traveler.**

When calling Mann Travels, identify yourself as an attendee of the 2000 Premier Partnerships Meeting.

Our office hours are Monday through Friday, 7:00 a.m. – 8:00 p.m. (ET). Our telephone numbers are as follows:

800.760.1007

or

800.323.4761

Mann Travels

700 Commerce Drive, Suite 100, Oak Brook, IL 60523
Phone: 800.760.1007 or 800.323.4761 U.S. & Canada—Fax: 630.891.4565

2000 PREMIER PARTNERSHIPS MEETING ALTERNATE HOTEL INFORMATION

If you are notified that the Westin Hotel O'Hare's sleeping room block is completely full, the following is a list of suggested alternate hotels in the Rosemont area. If interested, please contact these hotels directly. (Premier has no room blocks at any of these hotels.)

- Doubletree Hotel O'Hare.....847.292.9100
- Holiday Inn O'Hare.....847.671.6350
- Hotel Sofitel O'Hare.....847.678.4488
- Hyatt Regency O'Hare.....847.696.1234
- Marriott Suites O'Hare.....847.696.4400
- O'Hare Hilton.....773.686.8000
- Rosemont Suites Hotel – O'Hare.....847.678.4000

If we have cancellations at the Westin Hotel O'Hare, we will notify you. If you have any questions, please call Donna Masiulewicz, CMP, meeting manager, at the Chicago Office (Phone: 630.891.4473).

DIRECTIONS TO THE WESTIN O'HARE

FROM O'HARE AIRPORT

- The Westin O'Hare offers complimentary transportation to and from O'Hare Airport, located just 2 miles from the hotel.
- If you are driving from the airport, take 190 East and exit River Road.
- Turn left and the hotel is 2 blocks ahead on the left side.

FROM THE EAST - DOWNTOWN CHICAGO

- Take the Kennedy Expressway West to O'Hare turnoff and exit River Road.
- Turn left and the hotel is 2 blocks ahead on the left side.

FROM THE WEST

- Take the Northwest Tollway (I-90) East to O'Hare turnoff and exit Mannheim Road South.
- Pass over the expressway and immediately enter expressway at the Chicago East sign.
- Exit River Road, turn left and the hotel is 2 blocks on the left side.

FROM THE NORTH

- Take Tri-State (294) South to the Kennedy Expressway turn off and exit Cumberland North.
- Turn left on Higgins Road and go to the third stoplight which is River Road.
- Turn left and hotel is on right side.

FROM THE SOUTH

- Take Tri-State (294) North to River Road exit.
- Turn left and the hotel is 2 blocks ahead on the left side.

O'HARE AIRPORT BUS/SHUTTLE INFORMATION

- The bus/shuttle center is centrally located at the O'Hare International Airport between Terminals 1, 2 and 3.
- Follow the overhead signs in the baggage claim (lower level) areas of each Domestic Terminal to the nearest underground pedestrian walkway.
- Proceed to elevator centers #3 or #4 and press the bus/shuttle center button.
- Take elevator to the first floor.
- The Westin Hotel Shuttle will pick-up between door #2 and #3 approximately every 15 minutes between 6:00am-11:00pm.
- For International arrivals, the bus/shuttle will continue to stop at Terminal 5.

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TRANSMISSION VERIFICATION REPORT



Frontiers in Clinical Innovation — Neurovascular

Business partner

Request for sponsorship

Company name:	
Contact person:	
Title:	
Street address:	
City, state, zip:	
Phone:	Fax:
E-mail:	

Level of sponsorship: Innovator Circle/\$25,000 Patron/\$15,000 Participant/\$5,000

Name of product(s)/service(s) to be exhibited: _____

Product/service criteria for stroke care (may check more than one):

- Impacts an acute episode of care such as an inpatient stay
 Improves quality of care
 Enhances patient or worker safety
 Lowers the cost of care
 Represents an enabling solution (product, technology, service) for stroke care

Explain how the criteria you checked are met (attach additional sheets if necessary):

- Impacts an acute episode of care: _____
 Enhances patient or worker safety: _____
 Lowers the cost of care: _____
 Represents an enabling solution (product, technology, service) for stroke care: _____

Thank you for your response. Please return this form to by Tuesday, August 15, 2000 to Carolyn Harris:

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Look at page 3

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Special Report: Q & A About the Premier Contract

BY KATHERINE L. HOUSE

Last fall, the nation's largest health care alliance, Premier, awarded what was probably our industry's largest printing contract to two sources: Standard Register and UARCO. With more than 1,800 acute care hospitals under the Premier umbrella, including affiliates such as Quorum and the Greater New York Hospital Association, the dual source deal already is affecting independent distributors in the health care market: some have lost business while others are scrambling to protect their accounts. There is confusion among buyers at hospitals, as well as distributors, as to what the contract means. Here is information you can use in educating your customers:

What are the dates of the contract?

The contract is effective from Nov. 1, 1996, to Oct. 31, 2001, with a possible 2-year extension. Premier hospitals have one year from the effective date to buy from either Standard Register or UARCO, although Premier is encouraging members to make the switch as soon as possible, according to Susan Schrupp, manager of support services for the Materials Management Division of the Premier Purchasing Partners program.

I've heard a lot about mandatory compliance.

Do health care organizations have to use a Premier vendor?

When hospitals sign a letter of intent to participate in Premier's Purchasing Partners program, they generally agree to buy 80 percent of products from a Premier vendor, according to Premier officials, and that is the figure stipulated in the custom forms contract. Premier has instituted a Compliance Task Force, and member organizations can file exception requests, but simply wanting to use a local vendor is not considered a legitimate reason for an exception, says Schrupp. It's too early to say

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exactly how and when mandatory compliance will be enforced. Premier was founded in January 1996 as the result of a merger between three organizations, and the Premier purchasing program got under way in May 1996. Compliance is strongly encouraged because Premier and other groups negotiate pricing in part by telling participating vendors how many hospitals and health care organizations are part of their network. In return for the sizable business, Premier receives an annual rebate, or what Premier officials refer to as an admin fee, which generally is tied to total volume.

Can a hospital still buy from me if I had a contract with them?

That probably depends on the nature of the contract and the hospital's interpretation of it. Premier hospitals are not required to cancel existing contracts, says Schrupp. "If [they] do have an out clause, of course they can exercise it, but it's totally up to them," she says. Hospitals with existing contracts need to sign an agreement designating Standard Register or UARCO as a vendor by Nov. 1 and must supply the expiration date of the existing contract. "We don't want a situation where a member knowingly negotiated a contract [with another vendor]" right before the Standard Register/UARCO contract was announced, she says. In other words, contracts negotiated in October 1996 probably wouldn't hold up. Schrupp says Premier began telling hospitals about the potential for a custom forms contract last April, but she stopped short of saying that all contracts negotiated between April and October 1996 would be considered invalid. She says such contracts will be discussed case-by-case. Premier's agreement with member hospitals says that members must "never renew or extend existing contracts for products included in Premier's commitment program."

Once a hospital chooses a Premier vendor, can it switch to a non-Premier vendor in cases of poor service?

As in any contract, there is an escape clause based on non-performance. However, with a dual source contract, Premier would encourage an unsatisfied member to use the other vendor,

according to Schrupp. And, she says, the Compliance Task Force would work with members in these cases, and information would be passed on to vendors. Both Standard Register and UARCO officials have told Premier they offer national coverage, even in rural areas. Schrupp says Premier has a number of smaller rural hospitals as members, and so far she is not aware of any members who have been unable to obtain service. Some distributors have reported that their hospital clients are dissatisfied with the level of service they have received, but it's too early to tell what will happen in those cases.

*** What if I can offer better pricing than a Premier vendor?**

Premier's agreement with its members stipulates that its hospitals and systems "refrain from bidding or soliciting quotations for products included in Premier contracts." Participants also agree to keep program pricing and terms confidential and should "never use Premier contracts to leverage better pricing."

What products are included as part of the Premier contract?

That depends on which vendor a hospital chooses. UARCO's contract is for custom unit sets, custom continuous forms, custom continuous forms with affixed labels, custom continuous pressure sensitive labels, custom data mailers, custom register forms, custom narcotic control shingled forms and custom mount sheets. Standard Register's contract is more inclusive. It covers custom continuous singles and multiples; custom unit sets; custom continuous or unit sets with labels affixed or collated; custom continuous labels; custom continuous mailers; flat printing (single sheets); pre-collated sets; custom labels (non-pinfeed and rolls); custom envelopes; and electronic forms, excluding existing electronic forms.

Doesn't that leave some potential business available?

Absolutely. For example, envelopes and cut sheets are not part of UARCO's contract, although UARCO can supply them. Schrupp says it's "totally up to members" to choose vendors of products that

are not part of the contract, with the understanding that they would support a Premier Partner vendor if a contract is later negotiated. As of late January, Premier did not have and was not negotiating a contract for envelopes, ad specialties or commercial printing. Schrupp says Premier is evaluating suppliers of stock paper.

I've heard a lot about UARCO's per ply pricing. What is that all about?

UARCO officials are touting a "uniform" or per ply pricing option, believed to be the first offered in the forms industry. FORM has learned that UARCO also offers a traditional guaranteed savings pricing option. Premier officials cannot discuss pricing information. However, Schrupp says that the per ply pricing model "applies to the majority of needs." Standard Register offers a capitated pricing agreement to Premier members.

For more information about the Premier agreement, see FORM Magazine's April issue with exclusive profiles of Moore, Standard Register, UARCO, Reynolds & Reynolds and Wallace.

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FORM is published by the Document Management Industries
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