

 Stanford Children's Health	Lucile Packard Children's Hospital Stanford	Valid Through:	September 2024
		Last Revision Date:	August 2021
Departments Affected: All Departments		Page 1 of 7	
Personnel: All Staff			
Name of Policy: Contract Administration Policy			

I. POLICY STATEMENT

Lucile Salter Packard Children’s Hospital at Stanford (hereinafter “LPCH”) will use consistent standards for requests, approvals, drafting, review, signature, and administration of Contracts so that all contractual relationships are lawful, ethical, protect LPCH, satisfy internal policies and external regulations, and optimize legal and Business Terms.

- A. A Contract is required if any of the following statements is true:
 - 1. A Vendor presents a legal or contractual document to sign.
 - 2. A Vendor includes terms and conditions on a quote, proposal, estimate, or invoice for the purchase of services.
 - 3. A Vendor is providing services on LPCH’s premises.
 - 4. A Vendor is an Independent Contractor that is providing services to LPCH.
 - 5. A Vendor will be paid more than One Hundred Fifty Thousand Dollars (\$150,000).
 - 6. A Vendor is considered a “Referral Source” and is providing services to, receiving services from, issuing payment to, or requesting payment from LPCH.
 - 7. A Vendor will have access to Protected Health Information (“PHI”), internal data, or the LPCH IT network.
 - 8. NOTE: A Contract is not required if a purchase involves only advertising insertion orders providing for the placement of advertisements in print, online, or broadcast media.
- B. A Contract must be in place before a Vendor provides goods and/or services.
- C. A Contract must be in writing and signed by all parties to the Contract.
- D. A Contract must be sent to Contract Administration or one of the departments listed below for approval before the Contract is signed.
 - 1. Managed Care Contracts that are managed and reviewed by the Managed Care Department;
 - 2. Contracts that are reviewed by the Office of the General Counsel, which include Contracts that involve a Referral Source;
 - 3. Contracts that involve the purchase or lease of real property (i.e., real estate) that are managed and reviewed by the Real Estate Department; and
 - 4. Contracts that involve the planning, design and construction of new buildings that are managed and reviewed by the Planning, Design & Construction Department.
- E. A Contract will not be signed by LPCH unless accompanied by a signed Contract Approval Form.
- F. Any exception to this policy must be requested for each Contract and approved by the Director of Contract Administration.

II. DEFINITIONS

- A. Business Terms: core operational details of a Contract, which Stakeholders and Contract Responsible Parties are responsible for reviewing and approving before signing a Contract. Click [here](#) to access definitions of Business Terms.
- B. Contract(s): an agreement between two or more parties setting forth terms and conditions in which there is a promise or obligation to do something in return for a valuable benefit, usually the payment of money. Contracts may be for the purchase or provision of goods and/or

- services, licensing of software, or many other purposes. Statements of work and similar documents that confirm the details of a specific order and documents that amend or modify Contracts are also considered Contracts.
- C. Contract Administration: a department of Stanford Health Care that provides centralized Contract management and legal review services that include coordinating Contract requests, advising on contractual matters, negotiating and drafting legal documents, performing legal review, and facilitating timely renewal or termination of Contracts to meet internal policies and external regulations and optimize legal and Business Terms.
 - D. Contract Approval Form: a document that provides an executive summary of a Contract for the internal signatory and signifies that the Contract has been approved by Contract Administration for signature.
 - E. Contract Management Database: software used by Contract Administration and Stakeholders to store fully signed Contracts, Contract data, and track Contract expiration dates.
 - F. Contract Request Form: a document used to Request the preparation or review of a Contract. Click [here](#) to access the current Contract Request Form.
 - G. Contract Responsible Parties: each Contract is assigned the following responsible parties who will receive automated email alerts about the Contract from the Contract Management Database:
 - 1. Primary Responsible Party: leader, often with the title of Manager, Director, Administrative Director, or Executive Director, who has first-hand knowledge of whether a Contract is needed, negotiates significant changes to the Contract terms, and/or recommends that a Contract be drafted or renewed. This person will oversee and manage the Vendor as it provides and performs the goods and/or services described in the Contract.
 - 2. Secondary Responsible Party: the immediate Manager or Supervisor of the Primary Responsible Party.
 - 3. Annual Contract Evaluation Responsible Party: a leader who is responsible for completing the annual Contract evaluation survey of a Contract, if one is required. This may be the same person as the Primary or Secondary Responsible Parties.
 - H. Covered Entity: means a health care provider who transmits any health information in electronic form in connection with a transaction, a health plan, or a health care clearinghouse.
 - I. Health Information: means any information (including genetic information), whether oral or recorded in any form or medium, that is created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearinghouse and relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual.
 - J. HIPAA: the Health Insurance Portability and Accountability Act of 1996 and the regulations issued thereunder including the Privacy, Security, Breach Notification and Enforcement Rules (45 Code of Federal Regulations Parts 160, 162, and 164) as may be amended from time to time.
 - K. Independent Contractor: a Vendor (1) that is an individual, a sole proprietorship, or business entity (e.g., corporation or limited liability company) that is owned by a single individual and (2) that individual is providing services to LPCH.
 - L. Managed Care Contract: a Contract between LPCH and a managed care organization (an organization that combines, at the same time, both delivery and administration of health service and medical care) to outline cost, utilization, and quality of health benefits and additional services delivered to patients.

- M. Protected Health Information: Health Information, including genetic information, that is created or received by a Covered Entity and that is individually identifiable (i.e., is not de-identified).
1. Under HIPAA, Protected Health Information does not include:
 - a. Education records covered by the Family Educational Rights and Privacy Act (“FERPA”);
 - b. Employment records held by a Covered Entity in its role as employer; or
 - c. Information relating to blood banking activities, including procurement, testing, and other procedures; or
 - d. Individually identifiable information regarding a person who has been deceased for more than 50 years.
- N. Referral Source: a physician (a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor), physician group, hospital, ambulance service, managed care organization, nursing facility, laboratory, non-physician health care provider or other person or organization that refers patients to LPCH, or to which LPCH refers patients.
- O. Request: includes a request for: 1) a new Contract on a Contract Administration template, 2) the review of a Contract provided by a Vendor, 3) an amendment to or renewal of an existing Contract, and 4) a Contract termination letter.
- P. Stakeholder: an LPCH workforce member who utilizes Contract Administration services.
- Q. Standard Contract Language: a list of standard language maintained by Contract Administration that may be required in Contracts. Click [here](#) to access the current list.
- R. Total Aggregate Value: the total amount to be paid to LPCH by a Vendor or paid to a Vendor by LPCH pursuant to the Contract:
1. For new Contracts: the Total Aggregate Value is the total expenditure under the Contract for the entire term of the Contract. In the case of a master agreement, pricing agreement, or other contract that does not specify a committed dollar amount, the Total Aggregate Value is the good faith estimated expenditure with the Vendor under the Contract for the entire term of the Contract.
 2. For amendments to existing Contracts: the Total Aggregate Value is the value of the new expenditure authorized by the amendment. For example: if the original Contract was for three years at \$1,000 per year and the amendment extends the term for one additional year at \$1,000 per year, the Total Aggregate Value of the Amendment is \$1,000. If an affiliated entity is being added by amendment, the Total Aggregate Value of the Amendment is the good faith estimated expenditure by that affiliated entity with the Vendor for the remaining duration of the Contract.
 3. For statements of work, work orders, quotations, proposals, estimates, and similar documents that confirm the details of a specific order and are governed by the terms and conditions of a master agreement: the Total Aggregate Value is the expenditure under the specific statement of work or similar ordering document, which should reflect the Stakeholder’s good faith intent and plan for the entire scope of the project or goods and/or services. The scope and term (start/end dates) shall not be artificially split into smaller pieces (e.g., three-month term when it is really a two-year project) so that the resulting total dollar value (e.g., \$149,999) falls under a certain signature authority threshold.
- S. Vendor: a party with which LPCH enters into a Contract.

III. PROCESS

- A. Contract Requests

1. Any Stakeholder may submit a Request to Contract Administration.
 2. Requests must be submitted using the current Contract Request Form.
 3. Contract Administration will verify the Vendor's legal name.
 4. Contract Administration will verify that the Vendor is not an excluded party of the federal government.
- B. Contract Approvals: The designated Contract Responsible Parties must review and approve the Contract Business Terms before signing the Contract.
- C. Contract Drafting: Contract Administration will use an approved Contract Administration Contract template that includes Standard Contract Language when a Contract is not provided by a Vendor.
- D. Contract Review: Contract Administration will include Standard Contract Language when reviewing a Contract that is provided by a Vendor.
- E. Contract Signature
1. Contracts must be signed by a leader designated by the Finance department as detailed in the table and rules provided below.
 2. All Contracts must be signed based upon the Total Aggregate Value of the Contract as in the table and rules provided below.

Expenditure Approval Authority							
Type of Expenditure	Level 2 Director	Level 3 Executive Director	Level 4 Vice President	Level 5 Senior Vice President, Executive Vice President	Level 6 CEO, COO, or CFO	Level 7 CEO and either COO or CFO	Level 8 Board Proxy
Capital	\$0 - \$150,000	\$150,000 - \$250,000	\$250,000 - \$500,000	\$500,000 - \$750,000	\$750,000 - \$1,000,000	\$1,000,000 - \$3,000,000	Over \$3,000,000
Non-Capital	\$0 - \$150,000	\$150,000 - \$250,000	\$250,000 - \$500,000	\$500,000 - \$750,000	\$750,000 - \$3,000,000	\$3,000,000 - \$5,000,000	Over \$5,000,000

3. The signatory must have the proper level of signature authority for the cost center that will be paying for the goods and/or services described in the Contract unless the Contract is for a "Shared Service".
 - a. A "Shared Service" involves departments that provide services or contracts with Vendors to provide goods and/or services on behalf of other internal departments or affiliated entities of Stanford Health Care. According to and consistent with their level of signature authority, shared service department personnel are authorized to sign Contracts for goods and/or services to be provided to other internal departments and affiliated entities of Stanford Health Care because the department or affiliated entity has requested that the shared service department provide the goods and/or services, and/or there is an inter-entity agreement that provides for the affiliated entity to reimburse the entity that is providing the service.
 - b. Examples of Shared Services include but are not limited to:

- i. Project Management Office personnel can sign a Contract for a renovation and improvement project that will be paid for by a Revenue Cycle cost center.
 - ii. Supply Chain personnel can sign a Contract for medical supplies to be provided for Patient Care Services.
 - iii. Site Support Services personnel can sign a Contract for window coverings to be installed at Packard Children's Health Alliance premises.
 4. The following Contracts must be signed by the corresponding leader, the leader's designee through a signed letter documenting their signature delegation, the leader's manager or supervisor, or higher according to and consistent with their level of signature authority:
 - a. Pricing Contracts for medical, surgical, and other commodity supplies with no financial commitment, meaning LPCH has the option to purchase goods at specified prices but is not obligated to do so: a Director in Supply Chain or higher regardless of estimated Total Aggregate Value.
 - b. Advertising or marketing-related Contracts, or use of the name, logo, seal or other indicia of a Stanford entity: a Director in the Marketing Department or higher.
 - c. Employment, employee benefits, collective bargaining, recruiting and retained search Contracts: Director in Human Resources or higher.
 - d. Contracts related to financial audits, general investments, securities custody, trust accounts, bank accounts, financial borrowing, financial advances, financial loans, claim settlements greater than \$1,000,000, externally and internally managed investments, which include the purchase and sale of marketable securities and real estate held for investment purposes, managed care and other third-party payors, inter-entity agreements: Chief Financial Officer.
 - e. Claim settlements and insurance Contracts: Chief Risk Officer or higher.
 - f. Patient accounting or billing agency Contracts: Chief Revenue Officer or higher.
 - g. Gifts and grant Contracts: Chief Executive Officer.
 - h. Joint venture, non-clinical education affiliation, physician outreach Contracts: Chief Administrative Officer Physician Practices or higher.
 - i. Contracts related to the construction of new physical facilities: Vice President – Planning, Design & Construction or higher.
 - j. Legal services Contracts: Deputy General Counsel for Health Care.
 - k. Contracts related to compliance reviews: Chief Compliance Officer.
 5. Contracts over \$3,000,000 for capital transactions and over \$5,000,000 for non-capital transactions, and certain types of transactions, such as changing a banking relationship, borrowing, accepting major gifts, acquiring or selling real estate, and initiating capital projects may require approval by the Board of Directors or one of its committees, as further stated in the policies of the Board of Directors.

F. Contract Administration

1. Fully signed Contracts will be stored either in Contract Administration's central files (e.g., for one-time purchases) or in the Contract Management Database (e.g., for services Contracts that have an expiration date).
2. Contract Responsible Parties will receive notification in advance of the Contract expiration so that the Contract may be renewed or terminated before expiration.
3. Contract Administration will identify Contracts that require an annual Contract evaluation. Contracts for the provision of care, treatment, and services provided to the hospital's patients require annual evaluation.
4. For Contracts that are identified as requiring an annual evaluation, the designated

Annual Contract Evaluation Responsible Party will review the performance of the Vendor at least annually.

IV. **RELATED DOCUMENTS**

- A. [Capital Asset Budget and Acquisition Policy](#)
- B. [Capital Assets Definition Policy](#)
- C. [Code of Conduct Policy](#)
- D. [Conflict of Interest and Commitment Policy](#)
- E. [Expenditure Approval Authority Policy](#)
- F. [External Contingent Worker Policy](#)
- G. [HIPAA: Business Associate Policy](#)
- H. [HIPAA Definitions Policy](#)
- I. [Hospital Non-Employee Compliance Policy](#)
- J. [Inter-Entity Agreements Policy](#)
- K. [Policy and Guidelines for Interactions between the Stanford University School of Medicine, the Stanford Hospital and Clinics, and Stanford Children’s Health with the Pharmaceutical, Biotech, Medical Device, and Hospital and Research Equipment and Supplies Industries \(“Industry”\)](#)
- L. [Record Retention and Destruction Policy](#)
- M. [Supplier Relations Policy](#)
- N. [Use of Independent Contractors and Payments of Non-Employees Policy](#)
- O. [Use of Outside Search Firms Policy](#)
- P. [Vendor Selection Policy](#)
- Q. [Vendor Verification Policy](#)

V. **DOCUMENT INFORMATION**

A. References

Reference	Level of Evidence	Review Date
42 Code of Federal Regulations § 482.12(e)	D	5/21
The Joint Commission Standard LD.04.03.09	D	5/21

- B. Author/Original Date
1/99
- C. Wintrode, 4/17
- C. Distribution and Training Requirements
This policy resides in the Administrative Manual of Lucile Salter Packard Children’s Hospital at Stanford.
- D. Review and Renewal Requirements
This policy will be reviewed and/or revised every three years or as required by change of law or practice.
- E. Review and Revision History
 - L. Smith, 1/01
 - P. Steen, 4/01, 2/02
 - S. J. DiBoise & N. Gaich, 10/03
 - M. Peterson (SHC), 3/04
 - S. Flanagan, 3/04
 - S. J. DiBoise, 12/07, 6/17
 - C. K. Goforth, 6/17
 - S. Hornsey, 6/17

- C. Wintrode & G. Meixel, 6/17
- C. Wintrode, G. Meixel, & G. Lin, 5/18
- C. Wintrode, C. Mitchell, & G. Meixel, 5/21
- F. Approvals
 - Quality Improvement & Patient Safety Committee: 3/04
 - Compliance Program: 6/17, 7/18
 - Controller: 8/21
 - Policy Program Review Committee: 7/17, 7/18, 8/21
 - Packard Ops: 8/17, 8/18
 - Board of Directors: 9/21

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