

Stanford Health Care – ValleyCare Hospital Wide Policy	Last Approval Date: January 2020
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I. Purpose:

- A. To provide rules and guidelines for requests, approvals, drafting, review, signature, and administration of Contracts.

II. Policy:

- A. The Hospital Committee for the Livermore-Pleasanton Areas (“Stanford Health Care – ValleyCare”) will use consistent standards for requests, approvals, drafting, review, signature, and administration of Contracts so that all contractual relationships are lawful, ethical, protect Stanford Health Care – ValleyCare and satisfy internal policies, external regulations, and optimize legal and Business Terms.
- B. 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 Stanford Health Care – ValleyCare’s premises.
 - 4. A Vendor is an Independent Contractor that is providing services to Stanford Health Care – ValleyCare.
 - 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 Stanford Health Care – ValleyCare.
 - 7. A Vendor will have access to Protected Health Information (“PHI”), internal data, or the Digital Solutions 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.
- C. A Contract must be in place before a Vendor provides goods and/or services.
- D. A Contract must be in writing and signed by all parties to the Contract.
- E. 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;
 - 4. Contracts that involve the planning, design and construction of new buildings that are managed and reviewed by the Planning, Design & Construction department; and
 - 5. Contracts that involve software, hosted computing, or IT hardware that are reviewed by the Digital Solutions department.
- F. A Contract will not be signed by Stanford Health Care – ValleyCare unless accompanied by a signed Contract Approval Form.
- G. Any exception to this policy must be requested for each Contract and approved by the Director of Contract Administration.

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III. 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. 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. **Independent Contractor:** a Vendor that is an individual, a sole proprietorship, or business entity that is owned by a single individual, and that individual is providing services to Stanford Health Care – ValleyCare.
- I. **Managed Care Contract:** a Contract between Stanford Health Care – ValleyCare 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.

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- J. **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. “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.
 2. “Covered Entity” means a health care provider who transmits any health information in connection with a transaction; a health plan; or a health care clearinghouse.
 3. 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;
 - 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.
- K. **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 Stanford Health Care – ValleyCare, or to which Stanford Health Care – ValleyCare refers patients.
- L. **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.
- M. **Stakeholder:** a Stanford Health Care – ValleyCare workforce member who utilizes Contract Administration services.
- N. **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.
- O. **Total Aggregate Value:** the total amount to be paid to Stanford Health Care – ValleyCare by a Vendor or paid to a Vendor by Stanford Health Care – ValleyCare 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.
 - a. 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*

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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) should 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.

P. **Vendor:** a party with which Stanford Health Care – ValleyCare enters into a Contract.

IV. **Procedure:**

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**

1. The designated Contract Responsible Parties must review and approve the Contract Business Terms before signing the Contract.

C. **Contract Drafting**

1. 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**

1. 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 one of the following Stanford Health Care – ValleyCare leaders: President, CFO, or COO.
2. All Contracts for capital purchases must be signed based upon the Total Aggregate Value of the Contract as follows:
 - a. \$0 to \$299,999: President, CFO, or COO.
 - b. \$300,000 or more: signed by the President and either the CFO or COO.
 - c. \$2,000,000 for nonrecurring purchases: first approved by the Board of Directors and then signed by the President.
3. All Contracts for non-capital purchases must be signed based upon the Total Aggregate Value of the Contract as follows:
 - a. \$0 to \$299,999: President, CFO, or COO.
 - b. \$300,000 or more: signed by the President and either the CFO or COO.
 - c. \$2,000,000 for nonrecurring purchases: first approved by the Board of Directors and then signed by the President.
 - d. Pricing Contracts for medical, surgical, and other commodity supplies with no financial commitment, meaning Stanford Health Care – ValleyCare has the option to purchase goods at specified prices but is not obligated to do so, are signed by the Director of Sourcing or

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- higher regardless of estimated Total Aggregate Value.
4. 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 (i.e., Level A, B, and C), 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 University HealthCare Alliance premises.
 5. 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. Contracts related to financial audits, general investments, securities custody, trust accounts, bank accounts, financial borrowing, financial advances, financial loans, claim settlements, 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: Chief Financial Officer.
 - b. Inter-entity, gifts and grant Contracts: President.
 - c. Legal services Contracts: Chief Hospital Counsel.
 - d. Contracts related to compliance reviews: Chief Compliance Officer.
 6. Certain types of transactions, such as opening bank accounts, 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. A Contract will require annual evaluation if a Vendor provides a service that can impact patient health outcomes or directly involves the care or treatment of patients in the hospital.
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.

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V. Compliance:

- A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at Stanford Health Care – ValleyCare are responsible for ensuring that individuals comply with this policy;
- B. Violations of this policy will be reported to the Department Manager and any other appropriate Department as determined by the Department Manager or in accordance with hospital policy. Violations will be investigated to determine the nature, extent, and potential risk to the hospital. Workforce members who violate this policy will be subject to the appropriate disciplinary action up to and including termination.

VI. Related Documents:

- A. *Authorization for Expenditure of Hospital Funds:* a policy that establishes that appropriate signatures in evidence of approval must be obtained and verified before expenditure of funds.
- B. *Business Associate Contract:* a policy that defines how and by whom Contracts with people or entities performing services involving the use or disclosure of PHI should be handled in accordance with HIPAA.
- C. *Capital Assets Definition Policy:* a policy that sets forth definitions of terms that are used in accounting for costs related to the acquisition of property, plant, and equipment (i.e., capitalized expenditures).
- D. *Confidential Information – Handling and Protecting:* a policy that establishes expectations regarding all aspects of confidentiality, security, and integrity of health information.
- E. *Conflict of Interest:* a policy that defines a conflict of interest and provides a framework for employees to understand, identify, manage, and disclose actual, potential, or perceived conflicts of interest.
- F. *Expenditure Approval Authority Policy:* a policy that ensures that key transactions are executed in accordance with management’s intentions and plans through certain limits placed on individuals to authorize expenditure or commitment of funds.
- G. *Independent Contractors:* a policy that outlines recommended actions to comply with statutory or regulatory requirements for engaging with individuals to perform services as independent contractors.
- H. *Patient Privacy – Program Requirements:* a policy that sets forth definitions of key terms that are frequently used in HIPAA and establishes requirements for employees to protect patients’ privacy rights and PHI.
- I. *Record Retention:* a policy that establishes guidelines for compliance with legal requirements for retention of records.

VII. Document Information:

- A. Legal Authority/References:
 1. 42 Code of Federal Regulations § 482.12(e)
 2. The Joint Commission Standard LD.04.03.09

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- B. Author/Original Date:
 1. Christopher Wintrode, Director of Contract Administration, April 2017

- C. Gatekeeper of Original Document:
 1. Administrative Manual Coordinators and Editors

- D. Distribution and Training Requirements:
 1. This policy resides on the Intranet under the Administrative Section of Stanford Health Care – ValleyCare.
 2. The posted policy will be emailed to all employees for review. Each department manager will be responsible for communicating this information to the applicable workforce members.

- E. Review and Renewal Requirements:
 1. This policy will be reviewed and/or revised every three years or as required by change of law or practice.

- F. Review and Revision History:
 1. April 2017, by Christopher Wintrode, Director of Contract Administration and Gay Meixel, Contract Specialist
 2. July 2018, by Christopher Wintrode, Administrative Director – Business Operations & Strategic Initiatives and Contracts, Gay Meixel, Senior Contract Specialist, and Greg Lin, Contract Specialist
 3. January 2020, by Christopher Wintrode, Administrative Director – Business Operations & Strategic Initiatives and Contracts, Greg Lin, Contract Specialist, and Michael Mantese, Contract Specialist

- G. Approvals:
 1. April 2017, Contract Administration
 2. July 2018, Contract Administration
 3. August 2018, Sr. Ops Team Stanford Health Care – ValleyCare (electronic approval)
 4. July 2019, Contract Administration
 5. November 2019 Kyle Wichelmann, Chief Financial Officer
 6. November 2019 Policy Steering Committee

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