

<p>University HealthCare Alliance</p>	<p style="text-align: right;">Approval Date: 12/18/2018</p> <p style="text-align: right;">Approval Signature: <u>Michael O'Connell</u> <small>Michael O'Connell (Dec 19, 2018)</small></p>
<p>Policy Name: Contract Administration Policy</p> <p>Policy Number: F-03 (Finance)</p>	<p style="text-align: right;">Page 1 of 8</p>

I. PURPOSE

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

II. POLICY

- A. University HealthCare Alliance (“UHA”) will use consistent standards for requests, approvals, drafting, review, signature, and administration of Contracts so that all contractual relationships are lawful, ethical, protect UHA 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 UHA’s premises.
 - 4. A Vendor is an Independent Contractor that is providing services to UHA.
 - 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 UHA.
 - 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;

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<p>Policy Name: Contract Administration Policy</p> <p>Policy Number: F-03 (Finance)</p>	Page 2 of 8

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 UHA unless accompanied by a signed Contract Approval Form.
- G. Any exception to this policy must be requested in writing for each Contract by the business owner to the UHA Contracts Manager for review and approval by the UHA Vice President of Finance, UHA Senior Vice President of Operations, and the Stanford Health Care Director of Contract Administration.

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.

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<p>Policy Name: Contract Administration Policy</p> <p>Policy Number: F-03 (Finance)</p>	Page 3 of 8

- 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 UHA Contracts Manager.
 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 Responsible Party.
- 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 UHA.
- I. Managed Care Contract: A Contract between UHA 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.
- 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).

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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 UHA, or to which UHA 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 UHA 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.

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- O. Total Aggregate Value: The total amount to be paid to UHA by a Vendor or paid to a Vendor by UHA pursuant to the Contract:
1. For new Contracts
 - a. 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
 - a. 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.
 - b. 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
 - a. 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 UHA enters into a Contract.

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IV. PROCEDURE

- A. Contract Requests
 1. Any Stakeholder may submit a Request through the UHA Contracts Manager who will review and submit 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. All contracts must be set up for e-signature by the UHA Contracts Manager who will route for e-signature to the signatories below, as appropriate.
 2. All Contracts must be signed based upon the Total Aggregate Value of the Contract as follows unless the Contract is for a "Shared Service":
 - a. Contracts up to and including \$200,000 may be signed by any UHA Senior Vice President, the UHA Chief Administrative Officer, or the UHA Chief Medical Officer.
 - b. Contracts in excess of \$200,000 but less than \$500,000 require signatures from any two of the following four individuals: UHA Senior Vice President of Finance, UHA Senior Vice President of Operations, UHA Chief Administrative Officer, and UHA Chief Medical Officer.
 - c. Contracts in the amount of \$500,000 or greater require the signature of the UHA Chief Administrative Officer and the UHA Chief Medical Officer.

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3. 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, 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. Examples of Shared Services include but are not limited to:
 - a. 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.
 - b. Supply Chain personnel can sign a Contract for medical supplies to be provided for Patient Care Services.
 - c. Site Support Services personnel can sign a Contract for window coverings to be installed at University HealthCare Alliance premises.

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, affiliated providers, and contracted staff are responsible for complying with this policy.

- B. Violations of this policy must be reported to the author of this policy. Violations will be investigated to assess the nature, extent and potential risk to UHA. Workforce members who violate this policy will be subject to the appropriate disciplinary action up to and including termination.

VI. DOCUMENT INFORMATION

- A. Review and Revision History
 1. Initial policy – 06/25/2013
 2. Reviewed updated – 05/02/2018; 12/18/2018
 3. Author – Contracts Administration