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Reviewed By: LHSSPRC 4/2023

Approver: Chief Financial Officer

Approval Date: FT 3/2023

Effective Date: 4/2023

Owner: VP, Supply Chain and Real Estate

LH-ADM1.1.26 - Luminis Health Purchasing Policy

Scope: Luminis Health, Inc. (LH)

Purpose: Luminis Health, Inc. will leverage its shared services supply chain department to purchase all supplies and services consistent with Luminis Health standards of patient care utilizing a fiscally responsible methodology that fosters thoughtful innovation of care practices.

Definitions: None

Policy Statements:

- I. The Vice President of Supply Chain and Real Estate has the responsibility for the procurement of all goods and services and to either provide the services for procurement and processing transactions or give functional direction to others delegated the authority to perform such services.
- II. Supply Chain supports all procurement transactions in compliance with the Luminis Health Contract Review and Expenditure Authority Policy.
- III. Supply Chain supports the Value Analysis Review Board policy and process which seeks to standardize supplies, materials, and equipment across Luminis Health whenever possible to achieve most advantageous pricing while fostering thoughtful innovation.
- IV. Supply Chain supports the procurement of Capital Expenditures in accordance with Luminis Health Purchase of Capital Expenditure policy.
- V. Supply Chain is responsible for providing pricing for all item purchases to ensure the utilization and compliance with Luminis Health's selected Group Purchasing Organization (GPO) contracts and purchasing policies.
- VI. Correspondence and negotiations with suppliers will be led by Supply Chain who will work closely with clinicians, department leaders, and those responsible for capital purchases to support purchasing needs.
- VII. Luminis Health seeks to create mutually beneficial business relationships with diverse suppliers that strengthen the communities in which we operate. We are committed to developing mutually beneficial relationships with small (SBE), minority-owned (MBE), women-owned (WBE), veteran owned (VET) and LGBTQIA+ business enterprises and proprietors with disabilities. The primary goal of our supplier diversification effort is to provide opportunities to diverse suppliers that satisfy our procurement and contractual standards and to increase spending with diverse suppliers year over year. All new and renewing contacts will be vetted as a diversity supplier opportunity. A diverse supplier would include the following: SBE, MBE, WBE, LGBTQIA+, VET, and Proprietors with disabilities. Luminis Health departments with renewing or new contracts must include at least one diverse supplier for consideration. A market scan shall be performed to identify eligible diversity suppliers for inclusion in sourcing efforts. All sourcing events shall evaluate a Supplier's diversity status and overall commitment to Diversity, Equity, and Inclusion efforts in its selection criteria. It is the department's responsibility, with assistance from Supply Chain, to identify and explore opportunities for diverse business enterprises from whom to obtain goods and services whenever possible. Supplier selection will be dictated by the supplier's ability to meet defined requirements of the purchase, with an enhanced focus on the inclusion of diverse suppliers in our procurement processes. Should search efforts for a diverse supplier not result in a qualified supplier for inclusion, departments must complete the Diverse Supplier Search Justification Form to demonstrate sufficient effort. The form shall be submitted for approval to the Vice President of Supply Chain in order to award the contract to a supplier other than a small or diverse supplier. In sourcing instances where county, state, and/or federal funds are involved the definitions which govern the



designation of a diverse supplier for that governmental entity shall take precedence over Luminis Health definition of a diverse supplier contained in this policy.

- VIII. Supply Chain is responsible for determining the best source of supply when a need to procure goods or services is identified. Luminis Health utilizes primary vendors for the majority of supply purchases, pricing for these items is established in most instances utilizing the GPO. When seeking pricing for items, GPO contracts shall be the first source for consideration. Only when a GPO contract is not available, or the pricing is not advantageous to Luminis Health shall other procurement methods be considered.
- IX. Luminis Health Supply Chain is responsible for determining when an RFP is necessary or prudent. Luminis Health Vice Presidents (or more senior officer) in coordination with the Vice President of Supply Chain may approve foregoing an RFP in accordance with all applicable Luminis Health policies. Requests for Information (RFI) and Requests for Proposal (RFP) should be considered when there is not a Group Purchasing Organization contract offering or when there is:
- i. a high cost to Luminis Health or a Luminis Health subsidiary (over \$250,000.00 total contract value) or there is complexity to project which demands further consideration;
 - ii. a need for more information about the product and/or service to be offered to Luminis Health, how it works, and how it will meet the health system's specific needs;
 - iii. a need for protection from vendor over-promising or under-delivering;
 - iv. a need to demonstrate intent to make a change from the existing technology or provider;
 - v. a need to create leverage with incumbent vendor and other bidders; and/or
 - vi. a need to obtain competitive bids for purchases funded by an allocation of funds from a federal government agency to Luminis Health.
- X. Luminis Health utilizes Supply Chain Enterprise Resource Management (ERM) system for the control of all goods, supplies and equipment procurement, leveraging an item master available for the requisition of supplies and a Contract Lifecycle Management (CLM) Tool for items not available utilizing the ERM items master.

Procedures:

- I. Luminis Health utilizes Supply Chain Enterprise Resource Management (ERM) system for the control of all goods, supplies and equipment procurement, leveraging an item master available for the requisition of supplies and a CLM Tool for items not available utilizing the ERM items master.
- a. The primary method for the purchase of goods, equipment and services is via an official purchase order with an authorized purchase order number, issued by supply chain.
 - b. Contracts may be utilized to establish volume pricing, services and/or maintenance agreements, lease or lease/purchase agreements, software and software licenses.
- II. All new products, medical devices and equipment are subject to review and approval by the Value Analysis Review Board (VARB) in accordance with the Introduction of New Medical Devices, Products and Equipment Policy.
- III. All Capital Expenditures are supported in coordination with the Purchase of Capital Expenditure policy in coordination with departments, finance, Information Technology, Engineering and VARB.

References: None

Cross References:

Luminis Health Contract Review and Purchase Authority Policy
Luminis Health Introduction of New Medical Devices, Products and Equipment Policy
Luminis Health Purchase of Capital Expenditures Policy

Attachments: [Diverse Supplier Justification Form](#)