

## Supplier Briefings from Supply Chain Management

*Please communicate this information to your colleagues and teammates, as applicable, across your organization.*

More detailed information is available on [mayoclinic.org/suppliers](http://mayoclinic.org/suppliers). Please call our Supply Chain Management Customer Service team if you have questions regarding information contained within these Briefings (507)266-5551.

### **Business Associate Agreement**

If you are entering a patient care area and/or are doing business in a manner that may result in you or your company having access to patient information, HIPPA requires that a BAA be on file with Mayo Clinic. If you do not know if a BAA exists, please reference your contractual agreement with Mayo Clinic. If a BAA is required and does not exist between your company and Mayo, you are not to proceed with business and are to immediately contact Supply Chain Management to facilitate the execution of the BAA.

### **Future Price Increases** – August 31, 2012

With the recent decision by the United States Supreme Court to uphold the Patient Protection and Affordable Care Act (PPACA), we want to re-emphasize our need for your support. It is important to recognize that healthcare organizations face many challenges. Beyond healthcare reform, we are facing declining commercial reimbursement, an aging population, changes in demand, increased regulations, soaring costs of new technology, and ongoing economic uncertainty. These challenges have forced Mayo Clinic to institute efforts to significantly reduce our operating expenses, while maintaining our Mission of providing the highest quality healthcare. As was stated in the past, our plan is to function effectively at reduced reimbursement rates. It will not be easy, as we are estimating that a minimum of 10% and possibly 30% of our operating expense must be eliminated (\$400M - \$1B) over the next 5-7 years.

It is clear that Mayo Clinic cannot absorb any price increases on supplies, drugs, equipment, and services. **Mayo Clinic will continue to reject requests for supplier price increases, pass-thru taxes, (e.g., the Medical Device Tax) or any loss of value (including partnership with our GPO and Distributor).** The expectation is that our business partners will work collaboratively with us to become more cost-efficient and help develop more cost-effective, outcome-based results for our patients. Some of you have already presented us with price decreases, as well as innovative ideas on driving cost out of the supply chain, and we ask that you continue this.

## **Recalls and Product Notifications impacting Mayo Clinic**

It is the policy of Mayo Clinic to ensure that products/medical devices are safe and free from defects and/or malfunctions. All product/medical device recalls, hazard notices or alerts are to be managed to ensure appropriate and timely response.

If your company has a Product Recall or Notification, please send that information to Mayo's Recall Coordinator using one of the following methods.

**Telephone:** 507-266-5551

**Fax:** 507-284-5419

**Email:** [SCMRecalls@mayo.edu](mailto:SCMRecalls@mayo.edu)

**Mail:** Mayo Clinic

Attention: Recalls

Supply Chain Management

Ozmun West 2

200 1st Street SW

Rochester, MN 55905

## **Freight Management**

Mayo Clinic expects suppliers to discontinue billing Mayo prepay-and-add for freight on all products, capital equipment, and supplies. Please work with the appropriate individuals (Customer Service, Order Entry, Shipping, Accounts Receivable, Supply Chain, etc.) in your organization to ensure shipping terms for Mayo Clinic facilities are "**bill third party.**"

**Mayo Clinic purchase order numbers must be included in the reference field on the shipping documentation** when a PO number is provided. Mayo Clinic appreciates your attention to our freight needs and looks forward to your continued assistance with our inbound freight management program. If you have questions regarding this process, please call our Supply Chain Management Customer Service at (507)266-5551 and ask to speak to the Freight Management Team.

## **Procurement Policy** - December 3, 2007

**Standard Terms and Conditions:** It is a requirement that suppliers use the Mayo Clinic standard terms and conditions for contractual agreements and product purchases. No price quote or PO terms may override terms previously negotiated with Mayo Clinic.

**Competitive Bid Requirement:** Mayo Clinic requires that any new or renewed contract for supplies, equipment or services with expenditure greater than (>) \$100,000 per year be competitively bid unless there is Mayo Clinic justification for awarding or continuing an agreement for business needs. Exceptions to this requirement must be approved in writing by the Supply Chain Management Division. Procurement of supplies, equipment, and/or services using research grants or Federal funds have more restrictive requirements (lower bid thresholds).

**Diversity Program:** Mayo Clinic has developed a robust Supplier Diversity program. These supply partners have the opportunity to participate in Mayo's competitive bid processes.

**Contract Authorization:** Authorization to sign contractual agreements (contracts, agreements) for the acquisition, purchase and / or consignment of supplies, services, and equipment is limited to corporate officers and to individuals who have been given written, delegated signature authority from a corporate officer. Most Mayo employees are not authorized to commit Mayo resources in a contractual agreement.

**Purchases:** A purchase order is required for all acquisitions and equipment trails. Supply Chain Management will solicit, review, and negotiate terms and conditions and administer bids for equipment leases, maintenance and service contracts in collaboration with key stakeholders.

## **Payment Terms**

**Invoices will be sent EDI or via an email process linked directly to Mayo's accounts payable systems** to allow for reduced processing time.

Mayo Clinic continues to transition to **its goal of 100% electronic payment** and remittance. Standard payment terms are net 30 paid via e-Payables or an alternative card platform.

Alternative payment terms and forms of electronic payment may be negotiated with Supply Chain Management. It is in our collective best interest to reduce expenses associated with transactions.

It is a **requirement that all supply partners and vendors participate in Mayo Clinic's vendor authentication program** which facilitates electronic remittance advice and payment.

## **Data Synchronization Requirements**

Data synchronization between our Enterprise Resource Planning (ERP) and business partner systems is a business requirement that we have been working diligently to achieve. This objective is aligned formerly with the Health Care Supply Chain Standards Coalition (HSCSC) and currently GS1 Healthcare US as well as industry in general. Standards are critical to an effective, safe and efficient supply chain for our community. Mayo Clinic has utilized a standard price agreement template to collect product information for system updates. We currently require the following standard elements:

- GLN – Global Location Number
- GTIN - Global Trade Identification Number
- UNSPSC – United Nations Products and Services Code
- Shipping and Packaging labels

We have also established two related and significant initiatives, now underway:

- Sunrise 2010 – Elimination of the Custom Account Number
- Sunrise 2012 – Elimination of the Custom Product Number

Much like our eCommerce initiatives of the past we ask that you make arrangements with Mayo to migrate to these standards to ensure there are no future disruptions in our transactions.