Stony Brook Medicine
Administrative Policy
and Procedures

Subject: LD0044 Hospital Contracts and Procurement	**Published Date:** 02/22/2022
Leadership	**Next Review Date:** 06/14/2024
Scope: SBM Stony Brook Campus	**Original Creation Date:** 06/27/2002

Responsible Department/Division/Committee:

Purchasing

Policy:

Stony Brook University Hospital follows a uniform set of contract administration standards in order to minimize financial risk and to enter into agreements to purchase goods and services whose terms and conditions are compatible with the goals of the organization and the laws of New York State. This policy establishes an organizational structure and set of procedures to support the day-to-day management of the contracting function.

Definitions:

Contract: For the purpose of this policy, contracts refer to binding formal written agreements between two or more parties that spell out specific terms and conditions for the acquisition of goods or services or the lease of property or equipment. This includes Stony Brook University Hospital purchase orders issued to vendors for supplies and services.

EDI: Electronic Data Interchange for computer to computer ordering.

Purchase Order: This is a type of short form contract that obligates or binds the issuer to pay a given price for the specified goods or services in accordance with the terms incorporated in the purchase order.

Initiating Department: The hospital department which initiates the hospital requisition that becomes the contract

Capital Equipment Transaction: Transactions for the purchase of equipment with a useful life of one years or greater and a cost of five thousand dollars ($5,000.00) or greater. Any transaction for the purchase of supplies that are to be used in the operation of capital equipment placed in the hospital for evaluation, demonstration, or other purposes is to be considered a capital equipment transaction for the purpose of this policy.

Supply transaction: Commodities, products, construction items, or other standard articles of commerce which are the subject of any purchase or other exchange.

Service transaction: The performance of a task or tasks, which may include material goods or quantity of material commodities, which is the subject of any purchase or exchange.

Construction transaction: The performance of a major construction of a hospital building or major renovation of an existing hospital space used for a clinical program and paid by hospital capital or bonded funds.

New Program: Any new plan of activities that enhances the hospital's mission and requires a substantial increase in resources to fulfill the new program's requirements.

Revenue Enhancement Program: Any plan of activities, which results in increased net revenue, or increased cash collections.

Standing Order/Blanket Order: A standing or blanket order is to be used for repetitively bought items. It is a contractual agreement for supplies., with constraints such as an agreement term period, estimated quantities and process. A standing or blanket order to be used for is repetitively used items the total cost of which exceeds twenty thousand dollars ($20,000.) per year. Any standing or blanket order exceeding $75,000.00 for a sole/single source or $150,000 for a competitive bid requires the approval of the New York State Comptroller before the contract can be fully executed. Once the blanket is established, the End User department utilizes the blanket order on the Lawson system by placing releases electronically via EDI.

Procedures:

A. No department other than Purchasing or designated authorized members of the Senior Executive staff has the authority to sign a contract on behalf of the hospital. All hospital contracts are to be initiated through a hospital department and signed by the Directors of Purchasing who are designated authorized persons by the President of the University.

B. For supply transactions whose term value is less than or equal to seventy five thousand dollars ($75,000)

1. The requisition is created on Lawson which is electronically approved by the initiating Department Head or Nurse Manager who:

    a. Determine whether to make the purchase (subject to the availability of funds in the initiating department's S&E budget).
    b. If the purchase is approved, a Lawson requisition is submitted to the Procurement Office with specifications and/or vendor quotations. For all equipment requisitions, the initiating department forwards to the Procurement Office the approved BME checklist in accordance with the Administrative Policy EC0006 when appropriate.

2. The Procurement Office arranges the purchase in accordance with NY State Procurement and Finance Laws, SUNY Procedures and any applicable funding source guidelines.

A. For supply transactions:

1. The requisition is forwarded to the initiating department's Associate Director. The Associate Director sets the dollar level threshold for their staff's authority based on their staff's responsibility.

2. The Chief Operating Officer's authorization is required to process supply transactions whose term value exceeds two hundred and fifty thousand dollars ($250,000.00).

3. The Chief Executive Officer's authorization is required to process supply transactions whose term value exceeds two and one half million dollars ($2,500,000).

4. When a supply transaction is approved, the initiating department submits a Lawson requisition to the Procurement Office with specifications and/or vendor quotations. The initiating department

forwards to the Procurement Office the approved BME checklist in accordance with the Administrative Policy EC0006 when appropriate.

5. The Purchasing Department arranges the purchase in accordance with NY State Finance laws, SUNY Procedures and any applicable funding source guidelines.

B. Any Information Technology (IT) purchases with an estimated cost of five thousand dollars ($5,000) or more or which requires IT staff support follows the policies set forth in Administrative Policy IM:0030 (Work Request Guidelines, Receiving/Classifications)

C. For capital equipment transactions whose term value is between five thousand ($5,000) and fifty thousand dollars ($50,000):

1. All requests are subject to review as part of the annual budget process. The initiating department's Associate Director is responsible for consolidating the division's requirements and forwarding a prioritized list to the Chief Operating Officer for approval.

2. The Chief Operating Officer approves such purchases on the prioritized list that are appropriate to meet the strategic and financial goals of the Hospital.

3. The five thousand ($5,000) to fifty thousand($50,000) dollar requisition needs approval by the Department's Associate Director.

D. For capital equipment transactions, proposed new programs, and revenue enhancement programs whose term value exceeds fifty thousand dollars ($50,000):

1. A feasibility study must be authorized to determine whether the proposed transaction properly supports the mission of the institution.

   a. The approval of the initiating department's Associate Director's is required to authorize a feasibility study. The initiating department's Associate Director utilizes the "New Program, Revenue Enhancement and Capital Equipment ($50K) Budget Request Worksheet" in initiating the feasibility study process.

b. The Chief Operating Officer’s approval is required to authorize a feasibility study for transactions whose term value exceeds fifty thousand dollars ($50,000)
c. The Chief Executive Officer’s approval is required to authorize a feasibility study for transactions whose term value exceeds two hundred and fifty thousand dollars ($250,000).

2. When a feasibility study is authorized:

    a. The Procurement Office is notified to obtain assistance with vendor selection, pricing and the bidding process. No department is permitted to make a commitment to any vendor unless they have an approved contract or purchase order from the Purchasing Department.
    b. The Financial Liaison is notified, when necessary, to obtain assistance with the financial analysis and reimbursement/revenue issues.
    c. The Planning Department is notified, when necessary, to determine if a Certification of Need (CON) is required and to begin the CON process.
    d. Facilities is notified, when necessary, to obtain an initial technical assessment.
    e. Construction is notified, when necessary, if the proposed transaction has potential impact on utilities or the building systems.

3. The feasibility study:

    a. Describes in detail, how the requested purchase supports the mission of the department and/or hospital.
    b. Assesses space requirements, design and construction cost, personnel requirements, information technology requirements, and associated S&E expenses.
    c. Includes a detailed financial analysis.
    d. Includes an approved BME checklist in accordance with Administrative Policy EC0006 when appropriate

4. The complete feasibility study is presented to the appropriate hospital executive (s) who determines whether to authorize the transaction.

a. The initiating department's Associate Director's approval is required to authorize capital equipment, new program and revenue enhancement program transactions whose term value exceeds fifty thousand dollars ($50,000).
b. The Chief Operating Officer's approval is required to authorize transactions whose term value exceeds fifty thousand dollars ($50,000).
c. The Chief Executive Officer's approval is required to authorize transactions whose term value exceeds two hundred and fifty thousand dollars ($250,000).

5. When a transaction is properly authorized.

   a. The initiating department submits a Lawson requisition to the Procurement Office with specifications and/or vendor quotations. The initiating department forwards, to the Procurement Office, the approved BME checklist in accordance with the Administrative Policy EC0006 when appropriate.
   b. The Procurement Office arranges the purchase in accordance NY State Finance Laws, SUNY Procedures and any applicable funding source guidelines.
   c. The contract is reviewed and approved by the Office of University Counsel prior to execution.

Forms: (Ctrl-Click form name to view)

New Program, Revenue Enhancement and Capital Equipment ($50K+) (Finance)

Budget Request Worksheet (Finance)

Hospital Purchase Order (Lawson)

Hospital Purchase Requisition (Lawson)

BME Device Checklist Form BE2N001.94

University Hospital Purchase Requisition Screen RQ10 (Lawson)

Policy Cross Reference: (Ctrl-Click policy name to view)

EC0006 Biomedical Engineering-Acquisition and Control of Medical Equipment

IM0030 Information Technology Work Request Guidelines

Relevant Standards/Codes/Rules/Regulations/Statutes:

None

References and Resources:

None