I. PURPOSE: To establish the process by which Hawaii Health Systems Corporation (HHSC) shall comply with Antitrust Laws and the ethical requirements of the State Procurement Code in its purchase of goods and services.

II. DEFINITIONS:

Authorized Affiliate: Entity created by HHSC pursuant to HRS §323F-7(c)(4).

III. PROCEDURE:

By following the procedures described below, each officer, director, designated employees of HHSC and Authorized Affiliates can reduce the possibility of violating Antitrust Laws or the ethical requirements of the Procurement Code. These procedures, however, are not a remedy to all potential antitrust issues and unethical conduct. If a question arises concerning the legality of certain conduct or strategy, the officer, director, employee, contractor, or Authorized Affiliate shall contact HHSC’s Office of the General Counsel or their designee for guidance.

A. Prohibitions:

1. Do not discuss healthcare service prices with HHSC’s vendors and their competitors. This includes the price that HHSC charges for its own goods and services, the prices charged by HHSC’s or Authorized Affiliates’ competitors for their goods and services, and the prices that HHSC and Authorized Affiliate pays for goods and services that it purchases in a competitive environment.

2. Do not engage in the division of markets or territories with competitors. This includes all types of markets, including markets for patients and markets for physicians, nurses or technical employees who serve those patients to the benefit of HHSC.

3. Do not use one product or service as “bait” or leverage for selling something else. For example, do not withhold one essential product or service unless a patient or payer agrees to purchase a less essential item that offers a higher profit margin to HHSC. This is particularly true in those rural markets where HHSC and Authorized Affiliates are the “sole provider” of some services.

4. Do not criticize or disparage a vendor or its competitors’ goods or services.

5. Do not make a sale or purchase conditional on reciprocal sales or purchases.
6. Do not obtain confidential information about a competitor directly from the competitor because this practice has the appearance of sharing price information and other material, which can be used to stifle competition.

7. Do not attend meetings (including large health industry trade association meetings) where prices or any of the practices forbidden by this policy are discussed. If such items are discussed, promptly exit the meeting.

B. Trade Associations:

Whenever HHSC or Authorized Affiliates’ employees meet with representatives of other hospitals and/or members of the health care industry, whether it be in an informal meeting or a trade association, the potential for antitrust violations increases greatly. The following additional guidelines become necessary under these circumstances:

Do not discuss, either at a trade association meeting or other gathering of trade association members, any of the following topics:

a. Prices or factors used to determine prices;
   
i. Specific costs;
   
ii. Specific profit levels;
   
iii. Credit terms;
   
iv. Allocation of territories among competitors;
   
v. Allocation of customers among competitors;
   
vi. Refusal to deal with customers or suppliers; and
   
vii. Limitation of services.

b. Always consult the HHSC General Counsel when a trade association adopts or discusses the following topics:
   
i. Restrictions on members competing with or dealing with anyone, including among themselves;
   
ii. Restrictions on members participating in trade association activities to the competitive detriment of competitors; and
   
iii. Restriction of the dissemination of information to non-members of the trade association to the competitive detriment of non-members.