

Status **Active** PolicyStat ID **12074447**



Origination 12/2013  
Last Approved 08/2022  
Effective 08/2022  
Last Revised 08/2022  
Next Review 08/2025

Owner Tracy Bruns:  
Assistant General  
Counsel Senior  
Document Area Legal Services/  
Risk  
Applicability Denver Health  
and Hospital  
Authority (DHHA)  
Document Types Policy

## Contract Policy

Policy

### PURPOSE

The Joint Commission standards, CMS regulations, state governing laws, and state agencies require that organizations ensure that patient care, treatment, and services through contractual agreements are provided safely and effectively. Organizations must monitor contracted services just as they monitor employees. Specifically, the Joint Commission requires that every contract for patient care services includes written performance measures that must be monitored. Further, federal regulations require that organizations maintain a list of all active contracts (i.e. professional services, staff, equipment, and contracting, consulting, learning agreements, etc.). This policy is aimed to ensure best practices are established to achieve a seamless integration of procedures for contract development and regulatory guidelines.

### SCOPE

All Denver Health and Hospital Authority ("DHHA") departments initiating a non-financial, revenue, clinical service, professional service, education or purchasing contract and/or agreement must comply with the Contract Policy. It is the Department's responsibility to review and adhere to the expectations in said policy and in the associated **Department - Specific Guidelines**. DHHA, including ancillary departments and associated entities, must follow the specific procedures in place for said Department. Updated work-flows and contract reference information for each Department can be found on the

# DEFINITIONS

*Contract Owner* - The Contract Owner is a DHHA employee in a managerial role with decision-making authority who has determined that a contract is needed for such employee's department. This individual may delegate the duties set forth herein, but will be the person with ultimate responsibility to ensure that (1) the requested contract has been budgeted; (2) the requested contract has been approved by the appropriate parties; (3) the requested contract has been processed through the appropriate channels; (4) the services and/or supplies to be provided under the requested contract have not begun until after the contract has been fully executed and activated; (5) payments to be received or paid under the contract are processed in accordance with the contract; and (6) at the expiration of the contract, either the services and/or supplies cease or the contract is renewed. The Contract Owner must confirm that there are adequate funds for this request; confirm if the request requires review by the Purchasing Department, Grants Department, and/or Legal Department; and confirm that the request is not a function covered by an existing Contracting Party or contract. Contract Owners should use Legal Approved Templates for their department contracts unless a template does not exist for the type of agreement needed and/or the Contracting Party insists on using its document. In the event a document other than a Legal Approved Template will be used, Contract Owners need to review the document and make any necessary redlines and/or comments related to the Business Terms on their department agreements before submission. Please see the [Contract Request Roles & Responsibilities](#) guideline for further information.

*Contract Requester* - The Contract Requester is a DHHA employee who is responsible for submitting the request for a contract to be reviewed and/or processed. This individual may be the Contract Owner or may be another employee, typically in an administrative role, who has been designated by the Contract Owner as the Contract Requestor. This individual is responsible for (1) providing accurate and complete information regarding the requested contract; (2) working with the Purchasing Department, Grants Department, and/or Legal Department to coordinate any necessary internal or external reviews and/or negotiations during the process of entering into the contract; and (3) assisting the Purchasing Department, Grants Department, and/or Legal Department in obtaining signatures on the contract once finalized. The Contract Requester is responsible for formatting, editing and entering basic information into the draft agreement prior to submission for review. It is the Contract Requester's responsibility to track their department's contract requests and follow up with the external party and/or assigned attorney as needed. Please see the [Contract Request- Roles & Responsibilities](#) guideline for further information.

*Contract Request Form ("CRF")* - Form located in Infor that is used to attest to the need for an initial contract or amendment and confirm/attest that the request has received budget approval. The CRF needs to contain detailed information regarding the request and must be submitted with a draft agreement, red-lined/commented on by the Contract Owner, and accompanied by a Risk Stratification Questionnaire if applicable.

*Independent Contractor/Contracting Party/Contractor* – Any third party entity or individual with whom DHHA has entered into a contract or may enter into a contract. A Contracting Party may be referred to as a vendor, supplier, third party, etc.

*Signature Authority* - Distinguishes the scope of each employee's signature authority, differentiating

organizational - level contract signature authority (to sign on behalf of DHHA), departmental -level contract signature authority and expenditure authority to pay invoices.

- *Organizational - Level Contract Signature Authority* - Valid authority to legally bind DHHA by executing an agreement on behalf of DHHA (i.e., Master Services Agreements, Affiliation Agreements, Leases) Only the CEO, CFO, COO and other select members of the Executive Staff have the authority to legally bind DHHA as an organization. See the attached Signature Authority Matrix - Guideline.
- *Departmental - Level Contract Signature Authority* - Valid authority to execute agreements as set forth in the Signature Authority Matrix - Guideline. Departmental Signature Authority does not extend to any initial agreements with a new company, independent contractor agreements, or any initial affiliation agreements. This authority is limited as described in the Signature Authority Matrix. Questions about signature authority shall be referred to the Legal Department.
- *Expenditure (Payment) Signature Authority* - Valid authority to approve payments for goods or services (i.e., signing a payment request). This is different than Contractual Signature Authority. The authority to authorize payments or a spend amount does not mean the individual has authority to sign contracts for DHHA. For example, a Director with Expenditure Authority up to \$50,000 can sign to authorize a payment for \$50,000 to the vendor company per the terms of an existing contract; however, they cannot sign the initial contractual agreement with the company if they do not have contract signature authority to bind DHHA to this contractual obligation. Additionally, approving a spend does not mean that the individual with expenditure signature authority may authorize payments or a spend without a contract in place or that the contract terms and conditions have been approved. The Legal Department will route agreements for final signature once terms and conditions have been approved by both parties. For more information please review DHHA's [Signature Authority for Expenditures](#) policy.

*Risk Stratification Questionnaire* - This questionnaire should be filled out by the Contract Owner if "Data" sharing is involved. If DHHA Data will be shared as part of the contract and/or if an outside party may have access to DHHA Data as part of the contract, a Risk Stratification is required. To complete the Risk Stratification, the Chief Information Security Officer will review the Risk Stratification Questionnaire and will recommend additional security measures to help reduce threats and vulnerabilities. This may include the need for additional security/privacy agreements or a full security assessment involving the external party. Documentation of Risk Stratification must be included with the contract request when it is submitted for review. For more information, please see DHHA's policy, [Notice of Privacy Practices](#) and [Information Security Risk Management](#).

*DHHA Data* - Protected Health Information ("PHI", as defined in *Privacy Rule* below), Employee Protected Information, DHHA financial information, research data and non-sensitive data. Common privacy and security agreements include: Business Associate Agreement, Data Use Agreement, Non-Disclosure Agreement, Confidentiality Agreement, IT Security Amendment and Third Party Connection Agreements.

*Privacy Rule* - The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Privacy Rule limits use and disclosure of Protected Health Information ("PHI"), which is information that could potentially associate an individual's identity with his/her health information. DHHA may not use or

disclose PHI except as authorized by the individual, or as permitted or required by law.

*Security Rule* - The HIPAA Security Rule requires DHHA to implement administrative, technical, and physical safeguards to ensure the confidentiality, integrity and availability of PHI maintained in an electronic form ("ePHI") and to protect ePHI against any reasonably anticipated threats or hazards, unauthorized uses or disclosures. The Security Rule protects ePHI stored in DHHA systems during processing and during transmission.

*Legal Approved Templates* - These consist of contract clauses and templates that the Legal Department has approved for use. Typically these are used for frequently-used contracts, and for managing the application of business rules around which clauses are acceptable/unacceptable. Draft agreements using a Legal Approved Templates should be used for all new contracts unless a template does not exist for the type of agreement needed and/or the Contracting Party insists on using its document. If a Legal Approved Template is used for a contract, it may be submitted to the Legal Department with a CRF, advising the Legal Department that there have been no "substantive changes" to the language of the Legal Approved Template and informing the Legal Department that both parties (DHHA Department and Contracting Party) have reviewed and approved the agreement.

*Administrative change to existing agreement* - A contract modification (in writing) that does not impact the substantive rights of the parties or modify the scope of the work agreed upon (e.g. clerical change, renewal of term less than 5 years, change in costs based on change in term, change in address).

*Substantive change to existing agreement* - A contract change that impacts the substantive rights of the parties with regard to contract performance; in other words, any change that will alter the duties or objectives of the contract. Some examples of a substantive change include: changes in scope, parties involved, changes to data being shared, significant cost change (increase of \$500,000 or more).

*Business Terms of a Contract* - Includes pricing, pay, length of contract, termination rights, notice and scope of work. The Contract Owner is responsible for ensuring that the Business Terms of the agreement are acceptable.

*Legal Terms of a Contract* - Includes venue, governing law, liability, warranty, ownership, indemnification clauses, breach, dispute clauses, confidentiality, insurance clauses, trademarks, assignment, governmental immunity etc. The Legal Department's role is to review Legal Terms. If there is any uncertainty as to terms falling under Business Terms or Legal Terms, err on the side of caution and route the agreement to the Legal Department with a CRF.

## **POLICY**

### **A. Contracts Requiring Board of Directors Approval:**

1. The DHHA Board of Directors (Board) shall review and approve all expenditure requests in the amount of \$1,000,000 or more (individually, in the aggregate, or cumulatively); however, routine, budgeted supply expenditures in the amount of \$1,000,000 or more (e.g., syringes, gloves) do not require Board approval if all DHHA purchasing procedures have been followed. The decision to present expenditure requests to the Board shall be made by the General Counsel in consultation with the CEO.

2. The Board must also approve any amendment to an existing expenditure contract previously approved by the Board if the amendment is \$500,000 or more. Additionally, the Board shall approve any agreement, regardless of dollar amount, that is unbudgeted and represents a substantial investment in a new service, system or line of business, or is unusual or extraordinary in nature. This paragraph does not apply to government grants and research/sponsored program contracts that are reviewed and approved by the Sponsored Programs and Research Office (SPARO).
  3. The General Counsel may, after consulting with the CEO, present any expenditure contract or other legal document to the Board for review and approval if, in the opinion of the General Counsel, Board review is appropriate. Any member of Executive Staff may make a request to the General Counsel that an expenditure contract or other legal document be submitted to the Board for review. The General Counsel, after consulting with the CEO, shall make the final determination as to whether a requested contract or legal document shall be presented to the Board for review. The Board shall also review and approve any proposal that the CEO, at his/her discretion, requests review.
  4. The CEO shall retain the final authority to approve any contract on behalf of DHHA and, at his/her discretion, may present any proposal to the DHHA Board of Directors for review.
- B. Independent Contractors may be used when (1) necessary services cannot be provided by DHHA employees within the scope of their employment **and** (2) current approved temporary staffing vendors are unable to fill the staffing need. All employees intending to engage a service provider as an independent contractor to be paid by DHHA, regardless of the source of funding, must follow DHHA's policies and procedures.
  - C. The Chief Executive Officer ("CEO"), Chief Operational Officer ("COO") and Chief Financial Officer ("CFO") are the only DHHA employees with full Signature Authority to bind DHHA to a contract or agreement for any department or area of the organization. Other individuals may have limited Signature Authority within their respective departments as defined in the attached Signature Authority Matrix – Guideline.
  - D. DHHA, including ancillary departments and associated entities, must follow the department-specific procedures in place for said department. Updated work-flows and reference information for each department can be found on the Legal Department's administrative sub-site on the Pulse.
  - E. Each department shall be responsible for managing, tracking, and maintaining a list of such department's active contractual agreements, including, at a minimum, the following information for each contract: the Contract Owner, Contracting Entity, scope of services, contract effective date and expiration date, compensation amount, areas of risk that may be involved (data or patient), and a repository of all fully-executed contracts (inactive and active). The Legal Department will collect these lists from the Departments periodically for quality review and compliance.
  - F. "Rush" requests require a business justification explaining the cause and need for the rush. The Legal Department handles unexpected matters that require priority; therefore, the Legal Department will determine the need for an expedited contract based on the business justification provided by the Contract Owner and will prioritize the request accordingly.

- G. An employee's non-compliance with the Contract Policy will be subject to DHHA's Accountability Based Performance.

## PROCEDURES

- A. Initial Contract Review Preparation - The Contract Owner shall complete a Contract Request Form ("CRF") in Infor for all contract requests, ensuring that the appropriate authorities have signed off on the contract/agreement. The Contract Owner may delegate this task to the Contract Requestor, but must ensure that the Contract Requestor has sufficient knowledge and information pertaining to the contract request in order to sufficiently complete the CRF. The CRF must contain accurate contact information for DH staff and outside parties and sufficient detail regarding the proposed purchase, contract, agreement or grant. If the CRF does not contain all the required information and signature approvals, the CRF will be returned to the Department's Contract Requester for completion, ultimately resulting in a delay for review/processing times. It is the Contract Owner's obligation to ensure that the agreement is allowable, reasonable and justified. Additionally, the Contract Owner must indicate the appropriate Accounting Unit ("AU") associated with the contract and attest that there are adequate funds within the department's budget to cover the expense and that the funding source is appropriate for the expenditure. Contract Requests need to be submitted to the appropriate departments as stated above.
- B. Privacy/Security Risks - If Denver Health's data is being shared with an external party, as defined in the **Data Sharing - Guideline**, then a Risk Stratification Questionnaire is required to be completed and submitted to the Chief Information Security Officer ("CISO") for Risk Stratification (the Risk Stratification Questionnaire is attached hereto for reference and use). If deemed appropriate by the CISO, a detailed security assessment with the external company will be conducted resulting in additional steps to the contract approval process; which may include drafting of an IT Security Amendment or a Business Associate Agreement. Documentation of the Risk Stratification must be submitted with the CRF when the contract request is initiated
- C. Submission of Contracts for Review - **Contract Owners and Requesters should be aware that all purchases or expense agreements need to be submitted to the Purchasing Department, grant related agreements need to be submitted to SPARO, physician agreements need to be submitted to the Legal Department, and temporary staffing or independent contractor agreements need to follow the DHHA, Temporary Staffing and Independent Contractor Principle and Practice.** These departments will submit requests to the Legal Department based on the criteria established in the Department - Specific Guidelines and the work-flows posted on the Legal Department's Pulse sub-site. Any incomplete contract submissions to any department to that do not comply with the procedures set forth in this policy will be put on hold until the correct documentation and information is received. It is the Contract Owner's role to have the appropriate staff members follow up with the appropriate contact and provide the appropriate documentation.
- D. If a Contract Owner has any uncertainty whether the agreement will involve exchanging DHHA data, privacy/PHI risks, signature authority or substantive changes to an existing contract, they should reference the appropriate policy/guideline addressing said concern. If further clarification is needed, the Contract Owner shall reach out to the Legal Department for direction.



- E. Signature Authority - Any contracts/agreements that have been submitted to the Legal Department for review will be routed by the Legal Department for DHHA's signature once approved unless otherwise stated in a Department - Specific Guideline. It is expected that DHHA staff understand and adhere to the signature authority permissions outlined in the **Signature Authority Matrix - Guideline**. Failure to comply with the Contract Policy will result in disciplinary actions as set forth by the Human Resource Department.

## DHHA RELATED DOCUMENTS

[Methods of Purchasing](#)

[Proposal/ Award Process for Sponsored Programs and Research](#)

[Signature Authority for Expenditures](#)

[Notice of Privacy Practices](#)

[Information Security Risk Management](#)

[Medical Equipment Management Plan](#)

[Physician Arrangements and Compensation](#)

[Labor Pool and Credentialing](#)

[Quality Management Program](#)

[Contract Requests- Roles and Responsibilities](#)

## EXTERNAL REFERENCES

- Joint Commission Leadership Standard L.D.04.03.09 "Elements of Performance"
- Joint Commission Leadership Standard L.D.04.01.01 - L.D. 04.01.11 "Operations"
- Joint Commission Leadership Standard L.D.01.03.01 "Elements of Performance"
- The Joint Commission Information Management Standard IM.01.01.01 "Managing Information"
- The Joint Commission Human Resource Standard H.R.01.01.01 - H.R.01.07.01
- The Joint Commission Medical Staff Standard M.S.13.01.01 & M.S.06.01.01 - 06.01.13 "Credentialing and Privileging"
- The Joint Commission Environment of Care Standard E.C.01.01.01
- CMS §482.12 "Governing Body"
- CMS §482.12(e) "Contracted Services"
- CMS §482.12(e)(1) "Performance"
- CMS §482.12(e)(1)(2) "Contract List"
- 45 CFR Part 164 "Security and Privacy"
- 42 CFR Part 482 & 485 "Telemedicine"

# ATTACHMENTS

- Contract Signature Authority Matrix
- Board Approval Request Form

---

## Attachments

[Board Approval Request Form](#)

[Contract Signature Authority Matrix](#)

## Approval Signatures

Step Description	Approver	Date
	Enid Wade: General Counsel	08/2022
	Andrew Miller: Supply Chain Director	08/2022
Formatting Review	Colette Morris: Program Manager of Document Management [BT]	07/2022
	Tracy Bruns: Sr Assistant General Counsel	07/2022