

### **Commitment to PVC Alternatives Definition of the Issue**

CHW has made a commitment to move toward alternatives to harm producing PVC plastics in its hospitals. We have arrived at the point at which the question of how to honor that commitment while also being financially responsible must be asked.

#### **Potential issues that need to be considered:**

- Five CHW hospitals have contracts set to expire in January 2004. In theory, those hospitals could move directly to contract for a PVC free alternative for the products in question. However, for other strategic reasons, it would be good to get all of the CHW hospitals into the same negotiating bucket, including these hospitals. One question is how to direct these five hospitals, given our strategic goals, our desire to reward the company that has developed the alternative to PVC and our long term ability to negotiate good purchasing contracts for all purchased materials, not just PVC-affected ones.
- The contract CHW has directly with Baxter, current provider of PVC plastics, will expire in January 2006. Another question may be whether we should, for PVC-affected products, go to an alternative producer or continue with Baxter, who promises that PVC alternative products are in development (but who we have good reason to believe is about a year behind in its timeline). Having 5 hospitals go to B. Braun would limit our 2006 bidding options with Baxter.
- A third issue has to do with the positive expectation (aka "pressure") on the part of both Baxter and Premier that CHW will transfer its current Baxter contracts to come under the aegis of Premier by February 2004. As owners sign up with the new contract, there is an incremental increase in rebates of 1-1.75% for members of Premier. On the other hand, if Baxter has our business through Premier, pressure on them to develop a PVC alternative is greatly relieved.

All these things are complicated by many factors, not the least of which is how much money we stand to save or lose by the offers that Premier and Baxter actually make. The able folks in Supply Chain Management are calculating those numbers now and a contract offer from Baxter is forthcoming.

#### **Why an ethical decision making process is appropriate:**

An ethical decision making process regarding CHW's Baxter Contract is appropriate because our value of stewardship over financial resources may be in tension with our value of stewardship of the environment and our commitment not to harm patients in our care. When such deep value conflicts manifest themselves in our work, the Ethical Decision Making Process assures that we take adequate reflective time to decide the matter from the perspective of the values of the organization.

Experience indicates that good preparation, with an opportunity in advance of the reflection process to ask for more information, most contributes to an efficient process.

The parts of the process will be:

- Advance preparation (see numbered items below)
- Assessment of financial information given by Supply Chain Management.
- Phone conversation by members of the small group CHW's CFO had asked for a recommendation. The group included two representatives from Supply Chain Management the VP Community Health, the VP of Ethics and Justice Education, a Physician Leader from Care Management and two hospital presidents.
- Possibly a live meeting, if we find it important.

Background reading is as follows.

1. a timeline of CHW's environmental commitments and the decisions before us
2. background information on the medical issue
  - a general description of the issue prepared by Health Care Without Harm, with an excellent bibliography
  - a Public Health Notification
  - email indicating that PVC has been put on the toxins list in the state of California
3. brief description of some options

**Commitment to PVC Alternatives  
Identification and Evaluation of Alternatives**

- 1. Wait until state or federal regulation require nonPVC/DEHP products; accept Baxter PVC products for the full five years of the contract.**

*Pro:* CHW realizes at least \$3 million in savings over five years.

*Con:* CHW abandons its public commitment to go PVC free as products become available; CHW does not honor promise to promote health of patients; CHW contributes to the degradation of the environment.

- 2. Five CHW hospitals whose Baxter contract with Premier expires in January 2004 convert to the PVC free products with B.Braun, to which they would be committed until January 2006, as long as at least one of those hospitals also acquires their infusion devices.**

*Pro:* Begins to honor CHW's commitment to the environment and to protect health by eliminating harmful PVC products from clinical care in some hospitals; rewards B. Braun for developing PVC free products; still allows competitive bidding for all CHW hospitals in 2006.

*Con:* Splits contract volume across CHW hospitals; facilities have no warning, no input, no money, and no preparation time for transition to B.Braun products. Hospitals might have to switch *back* again if Braun lost the bid.

- 3. Roll those five hospitals whose contracts expire in January 2004 into the CHW Baxter contract that expires in January 2006; transition to PVC free product for all hospitals from any source available (competitive bid including Abbott, Baxter and B.Braun) when the contract expires.**

*Pro:* Keeps CHW hospitals together as one contracting entity; buys time for integration of PVC alternative products, infusion device technology and clinical information systems; represents full CHW PVC-free transition in 2006, honoring commitment to environment and protection of health; we save money between now and 2006.

*Con:* Disappoints major developer of PVC free products (B.Braun). Four of the five hospitals will experience some cost increases.

- 4. Sign with Baxter now to transition all CHW contracts into Premier Baxter contract, requiring that we buy Baxter PVC free or exercise escape option if products are not available in 2006.**

*Pro:* Keeps all CHW hospitals on the Premier contract, which may help us realize general savings and demonstrates our commitment to Premier.

*Con:* Eliminates our ability to negotiate with Baxter if they have a PVC alternative in 2006; does not demonstrate commitment to environment; does not protect health; rewards Baxter for being slow to bring product to market.

**Access contract with B.Braun for the five facilities in January 2004 to convert to PVC free products in the neonatal and pediatric settings.**

This is not a true "option" in that we can do this now, through Care Management best practice, if we choose to on the basis of clinical data. The neonatal and pediatric areas represent a small part of the overall business.

**Commitment to PVC Alternatives  
Identification and Evaluation of Alternatives - Timeline**

Date	Action
January 1996	CHW Board endorses CERES Principles and commits to annual public environmental reporting
March 1996	CHW Board adopts Environmental Policy & Statement of Principles
December 1997	CHW Executive Management & Region/Division Presidents endorse the "Healthcare Without Harm Campaign" committing to develop a plan for reduction, and ultimate phase-out, in use of mercury and chlorinated plastics (PVC)
March 1999	Baxter commits to bring PVC free products to the US market
October 1999	CHW joins Premier and wins commitment to incorporating environmental considerations in awarding contracts to vendors
December 2001	CHW Supply Chain Management informs Baxter that in 2006 it will not entertain a bid that does not include alternatives to PVC per CERES Principles and Healthcare Without Harm Campaign commitment
July 2001	Department of Health & Human Services issues Public Health Notification on PVC & DEHP
August 2002	CMA & CHA issue joint memorandum urging caution re use of PVC-DEHP in neonatal & pediatric settings
Spring 2003	Lucille Packard Children's Hospital contracts for PVC free medical products
September 2003	Premier announces contract with B.Braun for PVC free products and renewal of contract with Baxter
February 1, 2004	5 CHW hospitals' Premier contract with Baxter expires
January 31, 2006	CHW contract with Baxter expires

### **Commitment to PVC alternatives Making a Decision**

As you know, CHW is committed to the protection of patients from harm, to the stewardship of our environment and to stewardship of our financial resources. At the end of January 2004, the contract that five CHW hospitals have for IV products with Baxter expires. Many IV products currently on the market contain PVC and DEHP which are on the Prop. 65 list of hazardous substances, and against which the FDA, the California Medical Association and the California Hospital Association have all issued warnings. In 1997, CHW endorsed a campaign to eliminate PVC over time, and the expiration of the Baxter contract offered an opportunity to move in that direction. This memo is to advise you that a decision has been made by the Operations Team and the Executive Management Team regarding the Baxter contract to roll the contracts of those hospitals whose contracts expire this month into the CHW Baxter contract that expires in 2006. All CHW hospitals will then transition to PVC free products from any source available when the contract expires.

In November and December 2003, a small group of hospital presidents and system office employees conducted an ethical decision making process to come to this recommendation. The reasons for the recommendation were that

- It solidifies CHW's commitment to moving toward PVC free products, as they become available at comparable cost and quality.
- It preserves CHW's ability to ask for competitive bids, a process that, as we have done it recently, consistently rewards us with excellent results.
- It keeps CHW together as one contracting entity, transitioning as much as possible to PVC free products in 2006.
- It allows time for CHW to prepare for the integration of PVC free products, infusion device technology and information systems.
- It has no operational impact.
- It negatively impacts fewer hospitals financially than any other option.
- It sends a positive message to developers of PVC free products that they have an opportunity to do business with us in the future.

The group further recommended that Care Management, Risk Services, Supply Chain Management and Advocacy evaluate the possibility of transitioning to PVC free products immediately in the neonatal and pediatric settings, where PVC and DEHP have the most harmful effects.