

Consigned Medical Products at UMDNJ - University Hospital - Issue No. 831-200-370

**UMDNJ - UNIVERSITY HOSPITAL
POLICY AND PROCEDURE MANUAL**

DEPARTMENT: Hospital Materials Management	ISSUE NO. 831-200-370
EFFECTIVE DATE: June 23, 2008	SUPERSEDES DATE: new

SUBJECT:

Consigned Medical Products at UMDNJ - University Hospital

PURPOSE:

This policy will cover all products and equipment consigned to UMDNJ and will be approved by UMDNJ Finance and Accounting Services prior to any implementation. The University will not accept liability for products or equipment unless specifically stated and agreed upon. This policy sets forth the terms and conditions under which a vendor will provide the University Hospital of Medicine and Dentistry of New Jersey (UMDNJ) with consignment inventory of certain products in the quantities mutually agreed upon for the purpose of minimizing the hospital's investment in inventory, and to ensure that products are readily available when required.

POLICY:

UMDNJ will enter into a Vendor-Owned Inventory (Consignment) Agreement in which UMDNJ sets forth the terms and conditions under which products will be consigned to UMDNJ. All UMDNJ consignment agreements must be contracted and signed off by the designated UMDNJ Departments

PROCEDURE:

1. Initial Consignment Inventory. Vendor agrees to provide to UMDNJ consignment inventory consisting of the products listed on the UMDNJ Consignment Agreement. The consignment inventory is placed by the vendor at no charge to UMDNJ, and is provided solely for UMDNJ's internal use. Vendor will not share previously-assigned consignment inventory with another institution without UMDNJ's prior written approval. Written approval will come from the Materials Management Department or exceptions may be made for emergencies with the Area Charge Nurse.

2. Consignment Inventory Levels. Consignment inventory will be limited to a mutually acceptable level between supplier representative and the department at UMDNJ based on current usage of similar products. UMDNJ will enter into firm contract for pricing of all agreed-upon consignment items prior to placing them. A vendor may not use UMDNJ as a storage facility for excess inventory that is not officially consigned for UMDNJ usage.

3. Reductions in Consignment Inventory Levels. Regular monitoring of consigned items is important. If an item is not utilized within a reasonable period, the need for that item to be consigned will be reassessed.

Vendor retains the right to have an item removed from the inventory upon their discretion after providing UMDNJ with a 60-day notice.

4. Return of Inventory. UMDNJ can, at any time, return unused or expired items from consignment inventory to vendor. “Unused” is defined as any unopened package, regardless of package condition. For sterile products, “Unused” is additionally defined as product whose sterility has not been compromised.

5. Inventory Replacements. Once an item is used, UMDNJ is expected to notify the vendor and they will re-consign additional items. When notifying vendor representative of used items, UMDNJ will need to include model, serial and purchase order numbers if agreed upon. Replenished consignment items assigned to UMDNJ are to be accompanied by an updated list with model and serial numbers, expiration date, and size or any other item-specific information. All inventory replacements will be provided to UMDNJ via next-day air delivery at no additional cost to UMDNJ.

6. Possession. Materials lost or damaged during shipment are the sole responsibility of the Vendor. Products shipped do not become possession of UMDNJ until the specific item has been received at the UMDNJ facilities at which time materials will become possession of UMDNJ if deemed acceptable. UMDNJ reserves the right to forego possession at any time and may return items that are unused or expired and not be expensed. (See Inventory Expensing). UMDNJ will bear the risk of loss and damage to all products while in its possession.

7. Ownership and Inspection. UMDNJ recognizes that consignment inventory is the property of the vendor until it is opened, used, lost, or damaged, at which time the products become the property of UMDNJ. Vendor retains the right to conduct verbal, written, or physical inventory cycle counts. In addition, Vendor’s sales representative will assist UMDNJ in determining appropriate stock levels and suggest methods for product control. UMDNJ is responsible for assuring that product which is beyond its stated expiration date is not used in patients and is promptly returned to Vendor. With reasonable notice, UMDNJ agrees to give Vendor representative(s) escorted access to its inventory to conduct such inspections of consignment inventory levels, and to verify the quantity and condition of the consignment invent

8. Quarterly Inspections. Quarterly inspections may be conducted and documented. The inspection reports must be signed by a Vendor sales representative, the UMDNJ Procurement Analyst (or an authorized delegate), and the UMDNJ Materials Management Director to be considered valid. UMDNJ is only responsible for the product listed on the most current valid inspection report. UMDNJ Materials Management must receive each original inspection report to keep on file.

9. Modifications to Consignment Inventory. A new approval and inspection will be required when product is added, subtracted, or traded out of UMDNJ consignment inventory. Substantial changes to products (e.g., changes in the product itself, packaging, pricing, catalog number) will require approval from UMDNJ Product Review and Standardization Committee prior to its addition to the consignment inventory.

10. Discrepancy Resolution. If there is a discrepancy between product listed on the most current inspection report and actual product in UMDNJ consignment inventory, the UMDNJ Materials Management Director and a Procurement Analyst staff member will work with Vendor to resolve.

11. Product Recalls. Vendor shall notify the Materials Management Department immediately of any product recall or alert, voluntary or otherwise. Vendor agrees to respond to a UMDNJ-generated recall, alert or defect report.

12. Inventory Expensing. UMDNJ reserves the right to return any item in correlation with the aforementioned return policy. If and when UMDNJ consumes consignment inventory, it is at this time inventory will be expensed, no sooner nor later.

13. Pricing. Pricing must be agreed to in writing prior to any product being delivered. Pricing should be held firm for a minimum period of at least one (1) year from the date the agreement is signed.

14. Term and Termination. An agreement shall have an initial term of one (1) year from the signing date, and may be renewed for successive one-year (1-year) terms upon the mutual written agreement of the parties. This agreement may be terminated, without cause, upon 30 days advance written notice by either party.

Consignment Agreement

Consignment Inventory Sheet

Vendor Name:

Items

(Add lines or attach information)

Quantity Price Extended Price

Notes

Totals:

Representative Signatures Required:

**Vendor
and Accounting**

UMDNJ User Department

UMDNJ Finance

Signature

Signature

Signature

Name

Name

Name

Title

Title

Title

Date

Date

Date

**Supplier/Distributor
Department**

UMDNJ Materials Management

UMDNJ Purchasing

 Signature

 Name

 Title

 Date

 Signature

 Name

 Title

 Date

 Signature

 Name

 Title

 Date

APPROVALS BY:	NAME:	SIGNATURE:
Robin Wittenstein, Ed. D Chief Operating Officer		

Revised:				