

# MEDICAL-SURGICAL SUPPLY REBATE PROGRAM AGREEMENT

<b>Agreement ID:</b>	MS-IMPLANT-2024-7789-R2
<b>Document Type:</b>	Master Supply & Rebate Agreement
<b>Execution Date:</b>	March 20, 2024
<b>Effective Date:</b>	April 1, 2024
<b>Expiration Date:</b>	March 31, 2027
<b>Agreement Term:</b>	36 months with annual renewal option
<b>Version:</b>	2.1 (Amended)

## CONTRACTING PARTIES

**Supplier:** MedTech Devices Corporation  
Corporate Office: 2000 Innovation Boulevard, Minneapolis, MN 55401  
Federal Tax ID: 41-2233445  
DUNS: 987654321  
FDA Establishment Registration: 3012345678

**Customer:** University Medical Center and Affiliated Hospitals  
Principal Location: 3000 University Avenue, Madison, WI 53706  
Federal Tax ID: 39-8877665  
System Hospitals: 8 facilities  
GPO Membership: HealthTrust Purchasing Group (Member #HT-87654)  
Annual Volume Commitment (Estimated): \$8,500,000

## BACKGROUND AND PURPOSE

This Agreement establishes comprehensive rebate terms for medical devices, surgical implants, and capital equipment purchased by Customer from Supplier during the Term. The parties acknowledge that:

- (1) Supplier manufactures and distributes a comprehensive portfolio of orthopedic implants, cardiovascular devices, and surgical instrumentation;
- (2) Customer operates an integrated academic medical center system requiring substantial volumes of medical-surgical supplies;
- (3) Customer seeks to optimize supply chain costs through strategic vendor consolidation and rebate programs;
- (4) This Agreement replaces and supersedes all prior rebate arrangements between the parties.

## SECTION 1: COVERED PRODUCT CATEGORIES AND SKU LISTINGS

1.1 Category Definitions. The following product categories are eligible for rebates under this Agreement:

### Category A: Orthopedic Implants and Instruments

Product Line	SKU Range	Description	Unit of Measure
Hip Systems	HIP-2000 to HIP-2199	Total hip replacement components	Per implant set
Knee Systems	KNEE-3000 to KNEE-3299	Total/partial knee implants	Per implant set
Shoulder	SHLD-3500 to SHLD-3699	Shoulder arthroplasty systems	Per implant set
Spinal Hardware	SPINE-4000 to SPINE-4499	Spinal fusion systems, screws, rods	Per case
Trauma Fixation	TRAUMA-4500 to TRAUMA-4799	Plates, screws, nails for fractures	Per case
Bone Cement	CEMENT-5000 to CEMENT-5099	Osteoconductive bone cement	Per unit

### Category B: Cardiovascular Devices

Product Line	SKU Range	Description	Unit of Measure
Pacemakers	PACE-6000 to PACE-6199	Single/dual chamber pacemakers	Per device
ICDs	ICD-6200 to ICD-6399	Implantable cardioverter defibrillators	Per device
Leads	LEAD-6400 to LEAD-6599	Pacing/defibrillator leads	Per lead
Coronary Stents	STENT-7000 to STENT-7299	Drug-eluting stents, bare metal	Per stent
Heart Valves	VALVE-7300 to VALVE-7499	Mechanical/tissue valve prostheses	Per valve
LVAD Components	LVAD-7500 to LVAD-7699	Left ventricular assist device parts	Per component

### Category C: Surgical Instruments and Robotics

Product Line	SKU Range	Description	Unit of Measure
Laparoscopic Tools	LAP-8000 to LAP-8499	Minimally invasive instruments	Per instrument
Robotic Components	ROBOT-9000 to ROBOT-9399	Robotic surgery system parts	Per component
Electrosurgical	ELECTRO-9400 to ELECTRO-9599	Electrosurgical devices, generators	Per unit
Endoscopy	ENDO-9600 to ENDO-9799	Endoscopes, cameras, accessories	Per unit
Sutures	SUTURE-9800 to SUTURE-9999	Suture materials	Per box

## SECTION 2: VOLUME-BASED TIERED REBATE STRUCTURE

2.1 Primary Tier Schedule. Rebates shall be calculated based on aggregate annual purchase volume across all Covered Product categories, according to the following structure:

Tier	Annual Volume	Base Rebate	Enhanced Rebate*	Tier Name
1	\$0 - \$2,000,000	3.0%	3.5%	Baseline
2	\$2,000,001 - \$4,000,000	5.5%	6.25%	Committed
3	\$4,000,001 - \$7,000,000	8.0%	9.0%	Preferred
4	\$7,000,001 - \$12,000,000	10.5%	12.0%	Strategic
5	Over \$12,000,000	13.5%	15.5%	Premier Partner

\*Enhanced Rebate applies when Cross-Category Bonus criteria are met (see Section 3.2)

2.2 Measurement Period. Volume shall be measured on a rolling twelve (12) month basis, recalculated monthly on the first business day of each month. Tier attainment shall be assessed based on total invoiced purchases during the preceding twelve calendar months.

2.3 Retroactive Application. Upon achieving a higher tier during any month within the contract year, the incremental rebate percentage differential shall be applied retroactively to all qualifying purchases made during the current rolling 12-month period. Retroactive adjustments shall be processed in the next quarterly rebate payment.

2.4 Volume Calculation Methodology. Volume shall be calculated based on net invoice amounts paid by Customer, after deducting:

- (a) Prompt payment discounts (if taken)
- (b) Product returns and credits
- (c) Freight and shipping charges separately invoiced
- (d) Taxes
- (e) Any other non-product charges

Returns shall reduce volume in the month credit is issued. Disputed invoices shall not count toward volume until payment is received.

## SECTION 3: CROSS-CATEGORY BONUS PROGRAMS

3.1 Strategic Category Diversification Bonus. Customer shall earn an additional two percent (2.0%) rebate on total annual spend if minimum purchase thresholds are achieved in each of the three primary product categories:

Category	Minimum Annual Spend	Current Year Target	Prior Year Baseline
A: Orthopedic Implants	\$2,500,000	\$3,200,000	\$2,850,000
B: Cardiovascular Devices	\$3,000,000	\$3,800,000	\$3,450,000

C: Surgical Instruments	\$1,000,000	\$1,500,000	\$1,200,000
<b>TOTAL MINIMUM</b>	<b>\$6,500,000</b>	<b>\$8,500,000</b>	<b>\$7,500,000</b>

**3.2 Enhanced Rebate Tier Upgrade.** Achievement of the Cross-Category Bonus criteria automatically upgrades Customer to the Enhanced Rebate percentage shown in Section 2.1 for their corresponding volume tier. This bonus is calculated after all volume-based tier rebates and applies to total annual spend across all categories.

**3.3 Innovation Product Line Bonus.** An additional one percent (1.0%) rebate applies to purchases of designated new product innovations launched within the past 24 months. Qualifying products are identified with SKU suffix '-INNOV' in Supplier's catalog. This bonus applies regardless of overall volume tier and is non-retroactive.

## **SECTION 4: REBATE CLAIMS PROCESSING AND PAYMENT**

4.1 Claims Submission Schedule. Customer shall submit rebate claims on a monthly basis, due within thirty (30) calendar days following month-end. Claims must be submitted via Supplier's online rebate portal at <https://rebates.medtechdevices.com> using Customer's assigned login credentials.

4.2 Required Claim Documentation. Each monthly claim submission must include:

- (a) Detailed purchase register showing invoice numbers, dates, line items
- (b) SKU codes, product descriptions, quantities, and unit prices
- (c) Ship-to facility identifiers for multi-site customers
- (d) Product category classification (A, B, or C)
- (e) Calculation of claimed rebate amount with tier level applied
- (f) Month-over-month rolling 12-month volume totals

4.3 Payment Terms and Method. Supplier shall remit rebate payments within sixty (60) calendar days of receiving complete and accurate claims. Payments shall be made via wire transfer or ACH to Customer's designated banking account. Payment advice shall be provided electronically via portal notification and email to Customer's rebate coordinator.

4.4 Claims Review and Dispute Process. Supplier reserves the right to audit and verify all claim submissions. If Supplier disputes any portion of a claim, written notice shall be provided within forty-five (45) days of claim receipt, specifying:

- Specific line items or calculations in dispute
- Reason for dispute and supporting documentation
- Proposed resolution

Undisputed claim portions shall be paid on schedule. Disputed amounts shall be resolved through good-faith negotiations within thirty (30) days of dispute notice. If unresolved, disputes shall be escalated per Section 8.

4.5 Late Claim Penalties. Claims submitted more than ninety (90) days after the applicable month-end shall be subject to a five percent (5%) reduction in rebate value. Claims submitted more than one hundred eighty (180) days late shall be forfeited unless Supplier grants written exception.

## **SECTION 5: CUSTOMER FACILITIES AND LOCATIONS**

5.1 Covered Facilities. The following Customer facilities and their satellite locations are eligible for rebate program participation:

Facility Name	City, State	Facility ID	Primary Specialties
University Medical Center - Main	Madison, WI	UMC-MAIN-001	Trauma, Cardiology, Orthopedics
Children's Hospital UMC	Madison, WI	UMC-CHILD-002	Pediatric Surgery, Cardiology
Heart & Vascular Institute	Madison, WI	UMC-HVI-003	Cardiovascular, EP Lab
Orthopedic Surgery Center	Middleton, WI	UMC-ORTHO-004	Joint Replacement, Sports Med

Regional Cancer Center	Madison, WI	UMC-ONCO-005	Oncology, Surgical Oncology
North Campus Surgical Hospital	Sun Prairie, WI	UMC-NORTH-006	General Surgery, Minimally Invasive
West Ambulatory Surgery Center	Verona, WI	UMC-WEST-007	Outpatient Procedures
East Medical Plaza	Monona, WI	UMC-EAST-008	Specialty Clinics, Minor Procedures

5.2 Facility Additions. Customer may add new facilities to this Agreement upon written notice to Supplier. New facilities become eligible for rebates upon Supplier's written acceptance, typically within fifteen (15) business days. Volume from new facilities contributes to tier calculations from their acceptance date forward.

## **SECTION 6: REGULATORY COMPLIANCE AND GPO REQUIREMENTS**

6.1 GPO Safe Harbor Compliance. This Agreement is administered through HealthTrust Purchasing Group GPO. Supplier acknowledges:

- (a) GPO administrative fees of one and one-quarter percent (1.25%) of total rebate value shall be paid directly to HealthTrust by Supplier
- (b) Aggregate rebate data shall be reported to HealthTrust quarterly
- (c) This Agreement complies with Medicare Anti-Kickback safe harbor provisions under 42 U.S.C. § 1320a-7b(b)(3)(C)

6.2 Government Payer Exclusions. Rebates under this Agreement do NOT apply to products purchased for patients covered under the following government healthcare programs:

- Medicare Part A or Part B
- Medicaid (State of Wisconsin)
- TRICARE / Veterans Affairs
- Other federal or state healthcare programs

Customer shall exclude such purchases from rebate claims and maintain documentation demonstrating exclusion methodology.

6.3 FDA Regulatory Compliance. All products supplied under this Agreement are FDA-approved medical devices. Customer shall use products only for FDA-cleared indications and maintain compliance with all applicable FDA regulations, including Medical Device Reporting (MDR) requirements for adverse events.

## **SECTION 7: AUDIT RIGHTS AND RECORD RETENTION**

7.1 Supplier Audit Rights. Supplier may audit Customer's purchase records, rebate calculations, and supporting documentation upon thirty (30) days advance written notice. Audits shall:

- Be conducted no more than once per contract year (unless fraud suspected)
- Occur during normal business hours at mutually agreeable times
- Be limited in scope to records directly related to this Agreement
- Preserve confidentiality of Customer's other vendor arrangements

7.2 Record Retention. Customer shall maintain complete records of all purchases, claims, and payments for seven (7) years following the end of each contract year. Records must be provided to Supplier within twenty (20) business days of audit request. Required records include:

- Purchase orders and invoices
- Proof of payment
- Product usage logs for implantable devices
- Rebate claim submissions and payment confirmations
- Volume calculation worksheets

7.3 Audit Findings. If audit reveals overpayment of rebates exceeding five percent (5%) of total rebates paid, Customer shall reimburse Supplier for overpayments plus reasonable audit costs within sixty (60) days. If audit reveals underpayment exceeding five percent (5%), Supplier shall pay deficiency plus

interest at prime rate plus 2% within sixty (60) days.

## **SECTION 8: TERM, RENEWAL, AND TERMINATION**

8.1 Initial Term. This Agreement commences April 1, 2024 and continues through March 31, 2027 (the "Initial Term"), unless earlier terminated in accordance with this Section 8.

8.2 Renewal Terms. This Agreement shall automatically renew for successive one-year periods unless either party provides written notice of non-renewal at least ninety (90) days prior to the end of the then-current term. Rebate percentages during renewal terms shall be subject to annual review and may be adjusted by mutual written agreement.

8.3 Termination for Convenience. Either party may terminate without cause upon one hundred eighty (180) days advance written notice. Customer retains rights to all earned rebates through the effective termination date.

8.4 Termination for Cause. Either party may terminate immediately for material breach if breaching party fails to cure within sixty (60) days of written notice. Material breaches include:

- Failure to pay undisputed rebates (Supplier)
- Submission of fraudulent claims (Customer)
- Violation of regulatory requirements
- Bankruptcy or insolvency proceedings

## **SECTION 9: AMENDMENT HISTORY AND MODIFICATIONS**

**Original Agreement:** Executed March 20, 2024, Effective April 1, 2024

**Amendment 1 (Effective June 1, 2024):**

Modified Section 2.1 Tier 3 (Preferred) base rebate from 8.0% to 8.5% for calendar Q2 and Q3 2024 as promotional incentive. Standard 8.0% rate reinstated October 1, 2024.

**Amendment 2 (Effective September 15, 2024):**

Added Category C product line expansion: New SKU range SUTURE-9800 to SUTURE-9999 for advanced wound closure materials. Adjusted Category C minimum spend for Cross-Category Bonus from \$1,000,000 to \$1,200,000 to reflect expanded offerings.

**Future Amendments:** Any modifications to this Agreement must be made in writing and signed by authorized representatives of both parties. Oral modifications are not binding.

## **SECTION 10: DISPUTE RESOLUTION AND GOVERNING LAW**

10.1 Negotiation. Disputes shall first be addressed through good-faith negotiations between Customer's Chief Supply Chain Officer and Supplier's Regional Vice President within thirty (30) days of written dispute notice.

10.2 Mediation. Unresolved disputes after negotiation shall proceed to non-binding mediation administered by the American Arbitration Association in Milwaukee, Wisconsin within sixty (60) days.

10.3 Arbitration. If mediation fails, disputes shall be resolved through binding arbitration under AAA Commercial Arbitration Rules. Arbitration venue shall be Milwaukee, Wisconsin. The prevailing party shall recover reasonable attorneys' fees and costs.

10.4 Governing Law. This Agreement shall be governed by the laws of the State of Wisconsin, without regard to conflict of law principles. The parties specifically exclude application of the United Nations Convention on Contracts for the International Sale of Goods.

EXECUTED by the parties' authorized representatives:

**MEDTECH DEVICES CORPORATION**

By: \_\_\_\_\_

Name: Michael Chen

Title: Senior Vice President, Sales

Date: March 20, 2024

**UNIVERSITY MEDICAL CENTER**

By: \_\_\_\_\_

Name: Dr. Patricia Williams

Title: Chief Operating Officer

Date: March 20, 2024

## **EXHIBIT A: REBATE ADMINISTRATION CONTACTS**

### **Supplier Rebate Department:**

Email: rebates@medtechdevices.com

Phone: 1-888-MEDTECH (1-888-633-8324)

Portal: <https://rebates.medtechdevices.com>

Mailing: MedTech Rebate Processing Center, PO Box 4455, Minneapolis, MN 55440

### **Customer Supply Chain Contact:**

Name: David Morrison, Director of Strategic Sourcing

Email: dmorrison@umc-madison.edu

Phone: (608) 555-0187

Fax: (608) 555-0188