

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY  
AND RECORD OF ACTION**

**May 7, 2024**

**FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

**SUBJECT**

Contract with CPS Solutions, LLC for Inpatient and Outpatient Pharmacy Services

**RECOMMENDATION(S)**

Approve **Contract No. 24-357** with CPS Solutions, LLC, including non-standard terms, to administer inpatient and outpatient pharmacy services, in the total amount not-to-exceed \$60,000,000, for the period of July 1, 2024 through June 30, 2029.

(Presenter: William L. Gilbert, Director, 580-6150)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Provide for the Safety, Health and Social Service Needs of County Residents.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost of \$60,000,000 is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2023-24 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of the contract with CPS Solutions, LLC (CPS) provides ARMC with staffing and operational services for the inpatient and outpatient pharmacies. CPS will be responsible for the provision of all aspects of pharmacy services and pharmacy related clinical services for ARMC, four jails operated by the Sheriff/Coroner/Public Administrator's Department, and two juvenile detention facilities operated by the Probation Department.

Staffing of ARMC's inpatient and outpatient pharmacies by CPS will include clerical staff, licensed pharmacy technicians, licensed staff pharmacists, a Director of Pharmacy, and other positions and roles for the inpatient and outpatient pharmacies at ARMC as deemed necessary by the ARMC Administration. The Director of Pharmacy must be a licensed pharmacist and the selection shall be subject to approval by the ARMC Director. The staff will be located in the pharmacy department, emergency department, and critical care and neonatal intensive care departments.

CPS will provide managerial and operational services, including regulatory oversight of the pharmacy program, and active participation as ARMC's pharmacy representative in various committees. CPS will also be responsible for compliance with performance and educational

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requirements, including the provision of training services for clinical staff. CPS will be responsible for performance improvement monitoring and reporting findings to ARMC Administration and in-house committees.

The contract with CPS is based on the County's standard contract, was negotiated by the parties, and includes the following non-standard County contract terms:

1. CPS limits its liability for breach of protected health information in the contract, specifically within the Business Associate Agreement (Attachment E), to \$5,000,000.
  - The County standard Business Associate Agreement does not include a limitation of liability.
  - Potential Impact: Claims could exceed the liability cap leaving the County financially liable for the excess.
2. The County does not have the right to terminate the contract for convenience.
  - The County standard contract permits the County to terminate the contract with 30 days' advance notice.
  - Potential Impact: The County can only terminate the contract during the term for an uncured breach by CPS. Any attempted termination by County without cause could result in payment liability for the full contract amount, which could result in payment liability where no funds are available due to lack of allocation or loss of funding.
3. On or before the first day of each calendar month, the County is required to pay, in advance, the estimated fees due to CPS for that month and a reconciliation will take place on or before the tenth day following that calendar month. Any overcharge will be credited to the County's next pre-bill invoice and any undercharge will be paid by the County within 30 days.
  - The County standard payment terms are Net 60 days.
  - Potential Impact: The County will need to prepay CPS in advance of the provision of services and reconcile any discrepancies with CPS in the month after the payment is made.
4. In the event the County terminates the contract, the County is required to reimburse CPS for the unamortized cost of CPS's automated dispensing machine.
  - The County's payment obligations generally end upon the termination of the contract.
  - Potential Impact: The County will have additional payment obligations relating to the cost of CPS' automated dispensing machine if it terminates the contract.
5. Each party is required to defend and indemnify the other party for its own acts, negligence or omissions of the County.
  - The County standard contract does not impose an indemnity obligation on the County and requires the contractor to defend and indemnify the County from third party claims arising out of the acts, errors or omissions of any person.
  - Potential Impact: CPS limits its indemnity obligations in this contract, and to the extent that any claim arises that falls outside the scope of the obligation, the County could be solely responsible for the cost of any defense and any resulting settlement/judgment. By agreeing to indemnify CPS, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be

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brought against CPS without such limitations and the County could be responsible to defend and reimburse CPS for costs, expenses, and damages, which could exceed the total contract amount.

ARMC recommends approval of this contract, including the non-standard terms, as CPS will provide ARMC with the pharmacy services for patients in accordance with compliance and program mandates, and CPS will ensure that the appropriate procedures and internal controls are developed and followed.

**PROCUREMENT**

The County Administrative Office approved and authorized the release of a joint Request for Proposal (RFP) No. ARMC123-ARMC-4823 with the Department of Public Health (DPH) on March 10, 2023, to solicit proposals from interested and qualified vendors to provide pharmacy services. The RFP was posted on the County's Electronic Procurement Network (ePro).

Two proposals were received by the established deadline in response to the RFP. Proposals from the two vendors listed below met the minimum requirements and continued through the evaluation process.

<b>Agency</b>	<b>Location</b>
CPS Solutions, LLC	Dublin, OH
Cardinal Health Pharmacy Services, LLC	Stafford, TX

The evaluation committee, with representation from ARMC and DPH, reviewed and evaluated the proposals based on the criteria released in the RFP. The criteria included Qualifications and Experience, Scope and Administrative Capacity, Reference, and Cost.

Based on the evaluation criteria, the evaluation committee determined CPS best met the needs of ARMC and is being recommended for award to provide the inpatient and outpatient pharmacy services. The vendor not recommended for contract award was notified by mail and advised of the opportunity to submit a formal written protest based on the criteria in the RFP. One protest letter was received by the deadline, and after a thorough review by the Procurement Compliance Officer, the protest was found invalid.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on April 19, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on April 19, 2024; Risk Management (Victor Tordesillas, Director, 386-8623) on March 29, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on April 1, 2023; Human Resources (Gina King, Assistant Director, 387-5571) on April 24, 2024; Sheriff/Coroner/Public Administrator (Carolina Mendoza, Sheriff's Fiscal Manager, 387-3762) on April 4, 2024; Probation (Thomas Kamara, Director of Probation Administration, 387-9631) on April 5, 2024; Finance (Jenny Yang, Erika Rodarte and Iliana Rodriguez, Administrative Analysts, 387-4884) on April 19, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on April 19, 2024.

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Record of Action of the Board of Supervisors  
San Bernardino County

**DEFERRED/APPROVED**

Moved: Curt Hagman   Seconded: Joe Baca, Jr.  
Ayes: Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.  
Absent: Col. Paul Cook (Ret.)

Lynna Monell, CLERK OF THE BOARD

BY



DATED: May 7, 2024



cc:     ARMC - Gilbert w/agree  
         Contractor - c/o ARMC w/agree  
         File - w/agree  
CCM   05/8/2024