

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

August 20, 2019

FROM

LAURIE ROZKO, Director, Purchasing Department

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Extend the Arrowhead Regional Medical Center Medical and Surgical Distribution Services Contract with Medline Industries, Inc.

RECOMMENDATION(S)

1. Approve **Amendment No. 3** to **Agreement No. 13-336** with Medline Industries, Inc. for medical and surgical supply distribution and on-site management services, increasing the amount by \$500,000, from \$2,913,645 to \$3,413,645, and extending the contract for one year from September 1, 2019 through August 31, 2020.
2. Authorize the Purchasing Agent to issue a Limit Line Purchase Order to Medline Industries, Inc. for medical and surgical supplies in the amount of \$24,000,000, from September 1, 2019 through August 31, 2020.

(Presenter: Laurie Rozko, Purchasing Director, 387-2074)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally Responsible and Business-Like Manner.

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

FINANCIAL IMPACT

This action will not result in the use of Discretionary General Funding (Net County Cost). Contract expenditures are funded by State Medi-Cal, Federal Medicare, private insurance, and other departmental revenue. Funding sources may change in the future pending legislative activity related to the repeal and/or replacement of the Affordable Care Act.

Annual expenditures under the Medline Industries, Inc. (Medline) agreement are estimated at \$500,000 for supply distribution and on-site management services, and \$24,000,000 for supplies. Sufficient appropriation and revenue is included in the 2019-20 Arrowhead Regional Medical Center (ARMC) adopted budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Extending the medical-surgical supply distribution and on-site management services contract will enable Medline to continue to provide an on-site supervisor and technicians to manage the distribution of medical and surgical supplies. Medline staff inventories, orders, and replenishes supplies for 238 stocking locations in the hospital and clinics, which include approximately 20,500 different supplies.

**Extend the Arrowhead Regional Medical Center Medical and Surgical
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On May 7, 2013 (Item No. 18), the Board of Supervisors (Board) approved Agreement No. 13-336 with Professional Hospital Supply (PHS) for supply distribution and on-site management services from July 1, 2013 to August 31, 2017. In early 2016, ARMC was notified that Medline acquired 100% ownership of PHS, establishing a new name and tax identification number. On March 22, 2016 (Item No. 19), the Board approved Amendment No. 1 to Agreement No. 13-336, assigning it to Medline, and authorized the Purchasing Agent to issue Blanket Purchase Order (PO) 167084 with Medline for medical and surgical supplies, in the amount of \$12,092,964 from March 22, 2016 through August 31, 2017. On May 3, 2016 (Item No. 5), the Board authorized the increase of PO 167084 to \$20,000,000. On August 22, 2017 (Item No. 13), the Board approved Amendment No. 2 with Medline to increase the contract amount by \$944,966 for supply distribution and on-site management services, authorized the Purchasing Agent to increase and extend the PO to \$40,000,000 for supplies, and extend the terms from August 31, 2017 through August 31, 2019.

Medline is a competitively bid contract available through the Vizient Group Purchasing Organization (GPO). The supplies distributed at the hospital and clinics are purchased as competitively bid contracts through the GPO agreement while the distributor's private label products and other specialty products are purchased through either competitive bids by the County or non-competitive bids for proprietary reasons. All items purchased through the GPO agreement are aggregated with other members in order to negotiate better pricing and options. Any needed supplies not available under the GPO agreement are aggregated with all Medline users' volumes for better pricing.

The recommended actions extend the Medline agreements to August 31, 2020. All other terms and conditions of the original agreement remain the same, and either party may terminate this agreement with a 60-day advance notice.

PROCUREMENT

A Request for Proposals for medical and surgical supply distribution and on-site management services has been released and will be completed within the year. When the decision was made to continue to use the GPO due to significant changes in the industry and the limited number of vendors providing these types of services, the distributor remained in place as a GPO contractor.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on July 26, 2019; Finance (Joon Cho, Administrative Analyst, 387-5402 and Amanda Trussell, Principal Administrative Analyst, 387-4773) on August 5, 2019; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on August 5, 2019.

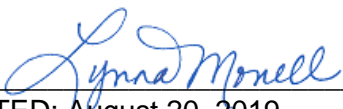
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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Dawn Rowe
Ayes: Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales
Absent: Robert A. Lovingood

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: August 20, 2019



cc: Purchasing- Ambrose w/agree
Contractor c/o Purchasing w/agree
File- w/agree
vh 08/22/2019