



# San Bernardino County

## Legislation Text

**File #: 3136, Agenda Item #: 18**

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

**October 27, 2020**

**FROM**

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

**SUBJECT**

Agreement with CareFusion Solutions, LLC for Automated Dispensing Cabinets

**RECOMMENDATION(S)**

1. Approve Master Agreement with CareFusion Solutions, LLC for the purchase of automated pharmaceutical dispensing equipment, disposables, software licenses, accessories, and other products, and related services, in the amount of \$3,190,681.55 for the five-year period beginning on the first day of the month following the date of the County's acceptance of the system.
2. Designate the Director of Arrowhead Regional Medical Center to approve and sign non-financial certifications and change orders as they pertain to changes to or confirmation of the scope of work of the project, subject to review by County Counsel, provided that any such certifications or change orders do not result in additional costs to be incurred by the County, and do not extend the duration of the contract.
3. Direct the Director of Arrowhead Regional Medical Center to transmit copies of all change orders to the Clerk of the Board of Supervisors within 30 days of execution.  
(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 \$3,190,681.55 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) 2020-21 budget and will be included in future recommended budgets.

<b>Year (Estimated)</b>	<b>Monthly ARMC &amp; FHC Rent</b>	<b>Monthly ARMC &amp; FHC Support</b>	<b>Monthly Software/ Products</b>	<b>Monthly Total</b>
2022 - 2023	\$31,763.00	\$10,729.00	\$4,679.00	\$47,171.00
2023 - 2024	\$31,763.00	\$10,729.00	\$4,679.00	\$47,171.00

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			<b>60 Month Term</b>	<b>\$2,830,260.00</b>
			<b>Estimated Sales Taxes</b>	<b>\$219,345.15</b> <b>(\$3,655.75/mo)</b>
			<b>Seismic Anchors</b>	<b>\$91,076.40 (one-time cost)</b>
			<b>Estimated Property Tax</b>	<b>\$50,000.00</b> <b>(\$10,000/yr)</b>
			<b>TOTAL COST</b>	<b>\$3,190,681.55</b>

**BACKGROUND INFORMATION**

Approval of this recommendation will provide for the rental and support services of the Pyxis Pharmaceutical Dispensing System of automated dispensing cabinets (Pyxis) from CareFusion Solutions, LLC (CareFusion). The agreement includes the replacement of existing equipment and related software updates at ARMC and Family Health Clinics (FHCs). Automated medication dispensing cabinets provide computer-controlled storage, dispensing, and tracking of medications. This system is necessary to facilitate the management of controlled drugs, and allows the nursing, pharmacy and anesthesia staff to access and stock medications in an efficient and timely manner.

The accurate and timely administration of pharmaceuticals is important in the treatment of ARMC’s patients. The automated equipment provides secure storage of medication in each of the patient care areas and reduces the time required to verify the accuracy of the dose. The equipment improves the ability to monitor controlled pharmaceuticals, eliminates labor intensive manual systems and simplifies the inventory control process. This will support the ability of ARMC to remain compliant with the laws and regulations affecting controlled drugs. The term of the agreement, including rental payments and support services, does not begin until the equipment is received, installed and accepted by ARMC for use.

CareFusion is the incumbent vendor for ARMC’s automated dispensing cabinets. Their current contract expires February of 2022. Current automated dispensing machines are located in multiple areas within the hospital, Emergency Department, and Behavioral Health Units, in addition to our off-site FHCs, dispensing more than 2 million doses per year.

1. There is no termination for convenience. The Master Agreement will remain in effect in relation to any Customer Order executed prior to the effective date of termination.
  - The County standard contract gives the County the right to terminate the Contract, for any reason, with a thirty (30) day written notice of termination without any obligation other than to pay amounts for services rendered and expenses reasonably incurred prior to the effective date of termination.
  - Potential Impact: The County can only terminate the Master Agreement if there are no orders currently in effect. The County will remain liable for each order amount, which could result in payment liability where no funds are available due to lack of allocation or loss of funding.
  
2. The contract period for equipment rental is five years and may not be cancelled at any time during the term.
  - The County standard contract gives the County the right to terminate the Contract, for any reason, with a thirty (30) day written notice of termination without any obligation other than to pay amounts for services rendered and expenses reasonably incurred prior to the effective date of termination.
  - Potential Impact: The County will remain liable for total contract amount for a five- year period, which extends across multiple fiscal years. This could result in payment liability where no funds are available due to lack of allocation or loss of funding.

3. CareFusion has limited its liability to the County for any claims arising from third party software provided by CareFusion to \$250.

- The County standard contract does not include a limitation of liability.
- Potential Impact: Claims could exceed the liability cap leaving the County financially liable for the excess.

ARMC recommends approval of this agreement as the new automated medication dispensing cabinets and related updated software provided in this agreement will provide for the health and social services needs of County residents by facilitating the safe, secure and responsible storage and distribution of medications.

### **PROCUREMENT**

The Request for Proposal (RFP) No. ARMC120-ARMC-3606 was approved by the CAO's office on November 21, 2019 for automated dispensing cabinet services and was released through the County of San Bernardino's Electronic Procurement (ePro) network. A mandatory job walk took place on January 8, 2020, and proposals were due from vendors on February 7, 2020.

Two companies submitted proposals in response to the RFP. The company names and their locations are as follows:

Proposer	Location
CareFusion Solutions, LLC	San Diego, CA
Omnicell, Inc.	Mountain View, CA

Evaluation of the proposals was completed by a committee comprised of representatives from ARMC Pharmacy, Nursing and Information Management. The vendors, Becton Dickerson and Company (BD) (for its subsidiary CareFusion Solutions, LLC) and Omnicell, provided live demonstrations of their cabinets on February 10 and 11, 2020 respectively.

All proposals were evaluated based on the following criteria: qualification and experience, financial, technical, references, demonstration and cost. The evaluation committee determined, based on their demonstration and proposal, that Omnicell, Inc. met the needs of the County.

On March 19, 2020, a tentative award letter was sent to Omnicell, Inc., and on the same day the unsuccessful agency was notified in writing that they may protest the qualification review by submitting a formal protest letter to County Purchasing within 10 calendar days of the date of the non-selection letter. Purchasing did not receive a protest from BD (for its subsidiary CareFusion Solutions, LLC).

Omnicell's RFP response stated that there were no objections to the County terms and conditions. However, in the process of contract negotiations, it was determined that Omnicell was not able to negotiate terms that were within the County scope. Therefore, negotiations were ended with Omnicell on August 13, 2020; and per procurement policy for RFPs, negotiations were initiated with the next, responsive bidder - Becton Dickinson and Company (for its subsidiary CareFusion Solutions, LLC).

### **REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Bonnie Uphold, County Counsel, 387-5455) on October 2, 2020; Purchasing Department (Ariel Gill, Buyer, 777-0722) on October 13, 2020; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on October 5, 2020; Finance (Amanda Trussell, Principal Administrative Analyst, 387-4773) on October 8, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 9, 2020.