



San Bernardino County

Legislation Text

File #: 3223, Agenda Item #: 21

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

November 17, 2020

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Amendment to Contract with Medline Industries, Inc. for Rebate Payments

RECOMMENDATION(S)

Approve Amendment No. 5 to Agreement No. 13-336 with Medline Industries, Inc., to receive rebate payments for committed product purchases, for the period of November 17, 2020 through March 31, 2021, for total estimated rebate amount of \$37,500, with no changes to the contract term of July 31, 2013 through August 31, 2021, and with no changes in the not-to-exceed amount of \$73,591,345, for medical and surgical supplies by Arrowhead Regional Medical Center and on-site management services for inventory distribution at Arrowhead Regional Medical Centers, hospital clinics, and alternative care sites.

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

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

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost) as this Amendment will result in revenue to the County. Contract expenditures for purchases of the medical and surgical supplies 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. Sufficient appropriation and revenue are included in the 2020-21 Arrowhead Regional Medical Center (ARMC) budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of this item will allow ARMC to receive certain rebates from Medline Industries, Inc. (Medline) in consideration for certain purchase commitments. These commitments require ARMC to purchase 90% of specific product groups from Medline. The product groups are as follows: wound care products, patient monitoring equipment, patient hygiene products, incontinence products, and re-manufactured items intended for re-use. Currently, Medline provides the medical-surgical supply distribution and on-site management services at ARMC.

PROCUREMENT

On May 7, 2013 (Item No. 18), the 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 Agreement was amended to assign it to Medline and the Purchasing Agent was authorized to issue Blanket Purchase Order (PO) 167084 for medical and surgical supplies, in the amount of \$12,092,964 from March 22, 2016 through August 31, 2017. It was later amended two more times on August 22, 2017 (Item No. 13) and August 20, 2019 (Item No. 46) to increase the expenditure authority and extend the Agreement term through August 31, 2020. On August 25, 2020 (Item No. 48) the Agreement was again amended to expand the scope of Medline's services, to increase the expenditure authority, and to extend the term through August 31, 2021.

A Request for Proposal for medical and surgical supply distribution and on-site management service will be released sometime in mid-November 2020.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on October 22, 2020; Purchasing Department (Michelle Churchill, Supervising Buyer, 387-2070) on November 2, 2020; ARMC Finance (Chen Wu, Finance Budget Officer, 580-3165) on October 26, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on October 29, 2020; and County Finance (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 31, 2020.