



# San Bernardino County

## Legislation Text

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**File #: 4909, Agenda Item #: 14**

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

**October 5, 2021**

#### **FROM**

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

#### **SUBJECT**

Master Service Agreement with Stericycle, Inc. for Controlled Substance Disposal

#### **RECOMMENDATION(S)**

Approve a Master Service Agreement with Stericycle, Inc., for the provision of controlled substance disposal, increasing the total aggregate not-to-exceed amount by \$250,000, from \$2,500,000 to \$2,750,000, for the Master Services Agreements with Stericycle, Inc., for a contract period of October 5, 2021 through June 7, 2026.

(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 the Agreement with Stericycle, Inc. (Stericycle) will not result in the use of Discretionary General Funding (Net County Cost). The increase of \$250,000 to the Master Service Agreements with Stericycle is funded by State Medi-Cal, Federal Medicare, private insurances and other departmental revenues. 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) 2021-22 budget and will be included in future recommended budgets.

#### **BACKGROUND INFORMATION**

The Agreement will provide ARMC the ability to dispose of controlled substances in containers that are pre-loaded with deactivating agent deterrents, which permanently alters the substance's chemical condition rendering the substance unavailable and unusable; including pills, patches, tablets and intravenous line solutions.

For most hospitals, capturing controlled substance waste is a challenging process that poses a high risk of theft if not properly discarded. Pharmacy Directors and other health facility professionals are now responsible for ensuring that leftover or unused controlled substances and controlled substance waste are not taken or used by anyone.

On June 8, 2021 (Item No. 15), the Board of Supervisors (Board) approved Master Service Agreements with Stericycle, for the provision of waste disposal services, in a total aggregate amount not to exceed \$2,500,000,

for the contract period of June 8, 2021 through June 7, 2026. These agreements include Pharmaceutical Waste Disposal, Regulated Waste Disposal, and Hazardous Waste Disposal. Due to an oversight, the recommended Master Service Agreement with Stericycle for controlled substance disposal was not presented to the Board for approval with the other Master Service Agreements.

The Master Service Agreement for controlled substance disposal, similar to the Master Service Agreements with Stericycle for other waste disposal services, is based on the Vizient Agreement SV2425 and incorporate the terms and conditions from that agreement.

The Master Service Agreement includes the following non-standard term:

1. The County cannot terminate the agreement prior to the expiration of the agreement without cause, or it will be required to pay Stericycle liquidated damages.
  - The standard County contract permits either party to terminate the contract for any reason with 30 days advance written notice.
  - Potential Impact: If the County terminates the agreements without cause prior to the expiration date, the County will be required to pay liquidated damages equal to (a) 50% if in the first 12 months of the agreements, (b) 45% if in months 12 through 24, or (c) 40% if past the initial 24 months of the agreement, of the County's average charge on a monthly basis based on the 12 months' billing prior to the cessation of collections (or based on any lesser period if the contract began less than 12 months earlier) times the number of months, including prorated partial months, remaining until the expiration date of the term.

ARMC recommends approval of this Agreement, including the non-standard term, as it will improve the disposal of controlled substances at ARMC improving the safety, health and social service needs of county residents.

### **PROCUREMENT**

This is a competitive procurement based on the Vizient Agreement SV2425. ARMC utilizes Vizient as a Group Purchasing Organization, an entity that conducts competitive procurements on behalf of ARMC. County Purchasing supports this competitive procurement.

### **REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on September 10, 2021; Purchasing Department (Ariel Gill, Buyer, 777-0722) on September 14, 2021; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on September 14, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on September 16, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on September 19, 2021.