



San Bernardino County

Legislation Text

File #: 6660, Agenda Item #: 10

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

September 13, 2022

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Appropriation Adjustment to Fund the Contract with Roche Diagnostics Corporation for Rental of Chemistry Equipment

RECOMMENDATION(S)

1. Approve increase of appropriation to Contract No. 20-1060 with Roche Diagnostics Corporation in the amount of \$8,500,000, for laboratory equipment, supplies, reagents, tests, software and related services, to increase the total contract amount from \$19,147,008 to \$27,647,008.
2. Direct the Clerk of the Board of Supervisors to assign the Master Agreement (Roche No. 113) with Roche Diagnostics Corporation, signed by the County Purchasing Agent on December 1, 2008, to Contract No. 20-1060 with a term effective August 17, 2009, and continuing until terminated by either party.
(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) as the increase of appropriation in the amount of \$8,500,000 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. Sufficient appropriation and revenue are included in the Arrowhead Regional Medical Center (ARMC) 2022-23 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of the increase of appropriation will allow ARMC to continue utilizing Roche Diagnostics Corporation (Roche) equipment, supplies, reagents, tests, software and related services for the following diagnostic methods: clinical chemistry, immunochemistry (to test for antibodies and antigens in the immune system), and other blood and tissue testing.

On November 18, 2008 (Item No. 87), the Board of Supervisors (Board) approved a Purchase Order (PO) to allocate needed funding for Roche Diagnostics lab supplies and software, for five years for a total not-to-exceed \$4,970,711. In December 2008, a Master Agreement (Roche No. 113) was approved by the Purchasing Department (Purchasing), using the Board approved PO, to allocate the funding for lab supplies

and software, effective August 17, 2009, when Roche diagnostic equipment began reporting patient billable results.

On November 18, 2014, Purchasing issued Master Blanket Purchase Order (MBPO) No. 151856 for continued purchase of lab supplies, based on competitively procured Vizient Inc. (Vizient) Agreement No. LB0152 - Roche Chemistry/Immuno Supplier Agreement. ARMC utilizes Vizient as a Group Purchasing Organization, an entity that conducts competitive procurements on behalf of ARMC. Purchasing issued MBPO No. 151856 within Purchasing fiscal authority specific to purchase of competitively procured products.

As further funding was needed for Roche products and services, ARMC presented additional Purchase Orders (POs) to the Board for approval. When the County converted to a new financial management system known as SAP, MBPO No. 151856 was transitioned to SAP Contract No. 4400005710. This SAP Contract was later assigned Contract No. 20-1060 by the Clerk of the Board of Supervisors. Since 2020, the Board has executed amendments and appropriated funds through Contract No. 20-1060. Combined, the POs and Contract amendments total \$19,147,008 for laboratory equipment, supplies, reagents, tests, software, and related services. Below is a table outlining the timeframe and issuances between the POs, contracts and amendments.

Dates	Method	Agenda Item(s)	Amount
December 1, 2008 to August 16, 2014	Board approved PO	November 18, 2008 (Item No. 87)	\$4,970,711
August 17, 2014 to May, 22, 2017	Purchasing approved MBPO	November 18, 2014 (Purchasing approved MBPO No. 151856)	\$3,360,000
May 23, 2017 to October 26, 2020	Board approved POs	May 23, 2017 (Item No. 22); January 23, 2018 (Item No. 17)	\$3,575,803
October 27, 2020 to February 25, 2023	Board approved increase to Contract No. 20-1060	October 27, 2020 (Item No.14); April 20, 2021 (Item No. 11)	\$7,240,494
Total			\$19,147,008

In an effort to merge and standardize the various funding methods associated with this contract, approval of Recommendation No. 2 will allow the original Master Agreement (Roche No. 113) to be assigned to Contract No. 20-1060. Moving forward, all future actions will be approved under Contract No. 20-1060.

Contract No. 20-1060 has depleted most of the current funds and ARMC is requesting an increase in appropriation to continue providing care to patients through the diagnostic testing offered by Roche. ARMC is required to purchase supplies and software from Roche directly, as the lab equipment used for testing requires specialty supplies and software available only from Roche.

PROCUREMENT

This is a non-competitive procurement based on a current contract. Purchasing approves of this continued procurement.

In 2008, resulting from an informal procurement, Roche was chosen to provide a system for clinical chemistry and immunochemistry diagnostics. From August 17, 2014 through May 22, 2017, ARMC competitively purchased products to conduct clinical chemistry and immunochemistry tests under Vizient Agreement No. LB0152 - Roche Chemistry/Immuno Supplier Agreement. After May 22, 2017, as software upgrades and services for maintenance of the system were needed, these products and services were non-competitively

procured with Board approval, based on the existing contract and continued use of the system.

Currently, it is cost prohibitive to conduct a new procurement for this system and related services, as funds have been spent on upgrades to replace aging equipment with new equipment. In addition, ARMC is required under the current agreement to purchase supplies and software for use with this lab equipment for five years after installation. ARMC anticipates conducting a competitive procurement within five years, prior to the next system upgrade.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on August 25, 2022; Purchasing (Pete Mendoza, Interim Director, 387-2074, and Ariel Gill, Buyer, 777-0722) on August 26, 2022; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on August 25, 2022; Finance (Jenny Yang, Administrative Analyst, 387-4884) on August 25, 2022; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-3076) on August 25, 2022.