



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Health Dept.
Department No.: 041
For Agenda Of: August 10, 2010
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Takashi Wada, MD, MPH, Director and Health Officer, Public
Director(s) Health Department
Contact Info: Rose Davis, Contracts Unit Manager, Public Health Department

SUBJECT: Purchasing Bid Waiver Request

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: Purchasing

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

Authorize the Purchasing Manager to issue the listed purchase orders for pharmaceuticals and laboratory and medical supplies, totaling \$8,619,525 for each Fiscal Year 2010-11, 2011-12, and 2012-13 without a competitive bid. Hardy Media is a local vendor; all other vendors are not local vendors.

Vendor	Product	Contract #	Previous Bid Waiver	Requested Amount
PHARMACY				
Amerisource Bergen Drug Corp.	Pharmaceuticals	CN09073	\$7,500,000	\$7,500,000
Paragard Direct	Pharmaceuticals	BL01329	150,000	150,000
Theracom	Pharmaceuticals	BL01090	150,000	150,000
LABORATORIES				
Beckman Coulter	Laboratory Supplies	BL00173	\$ 35,000	35,000
Becton-Dickenson Company	Laboratory Supplies	BL00175	107,000	45,000
Bio Rad Laboratories	Laboratory Supplies	BL00189	97,000	147,525
Fisher Healthcare	Laboratory Supplies	CN06707	220,000	220,000
Gen Probe	Laboratory Supplies	BL00456	120,000	150,000
Hardy Media	Laboratory Supplies	CN06143	60,000	60,000
Siemens Medical Solutions	Laboratory Supplies	BL02285	72,000	72,000
ANIMAL SERVICES				
MWI Veterinary Supply	Veterinary Supplies	BL01906	60,000	90,000
Total				\$8,619,525

Summary Text:

County Code Section 2-39 states that the Purchasing Agent is obliged to purchase all materials, supplies, furnishings and equipment by using a formal competitive bidding process, unless the Board of Supervisors has waived competition under a particular set of circumstances. For the sake of expediency, and due to “limitations in source or supply” pursuant to County Code Section 2-39, PHD is requesting your Board waive the requirement for a competitive bid for the purchase of certain pharmaceuticals, laboratory, and veterinarian supplies. The County Purchasing Department recommends that bid waiver requests be made for each applicable fiscal year. This bid waiver request is for FY 2010-11 through FY 2012-13.

Background:

On August 14, 2007, your Board authorized a bid waiver for Siemens Medical Solutions through FY 2011-12. On June 03, 2008 your Board authorized bid waivers for the other vendors through FY 2009-10. The Public Health Department is requesting approval for bid waivers again for the same vendors for FYs 2010-11 through 2012-13.

PHARMACEUTICALS

The Public Health Department (PHD) is a Federally Qualified Health Center (FQHC). The Veteran’s Act of 1992 (Public Law 102-585) requires manufacturers who sell drugs to a FQHC to charge a price for covered outpatient drugs that does not exceed an amount determined by a statutory formula. As a result PHD receives “Public Health Service” (PHS) pricing for pharmaceuticals. The *AmerisourceBergen Drug Corporation* is the primary vendor for the federal government for this program. As a participant in the PHS pricing, PHD contracts with AmerisourceBergen to act as a wholesale distributor.

Paragard Direct is the only manufacturer in the United States of Copper T 380A, an intrauterine device (IUD) with no hormones. *Theracom* is the only manufacturer in the United States of Mirena, a levonorgestrel-releasing (hormone) intrauterine device.

LABORATORY SUPPLIES

Beckman Coulter is the only supplier of specific laboratory reagents and test kits for Beckman Coulter hematology instruments used by PHD Clinical Laboratory.

Becton-Dickinson Company is the only supplier of specific laboratory reagents and test kits for Becton Dickinson instruments used for tuberculosis and chlamydia/gonorrhea testing.

Bio Rad Laboratories is the only supplier of specific laboratory reagents for HIV and Hepatitis antibody testing and diabetes testing using Bio Rad Laboratories equipment. PHD’s Clinical Lab had increased costs in FY 2009-10 due to a 9% increase in HgbA1C testing, reagent price increases, and the purchase of 1.5 years supply of a new Bio-Rad control material. An analysis of costs from 2007-08 shows an increase from 102% to 136% of each prior fiscal year’s Bio-Rad expenses. Projections assume a 10% increase in testing and 5% increase in reagent costs per fiscal year.

Fisher HealthCare is the only vendor and offers a manufacturer’s rebate for specific reagents, phlebotomy and processing supplies for the Olympus Chemistry Analyzer used by PHD Clinical Laboratory.

Gen Probe is the only vendor for the FDA-approved, direct and indirect TB gene probe technology, and the instruments required for rapid detection and identification of TB and chlamydia/gonorrhea in patient specimens that are used in the Public Health Laboratory.

Hardy Media, a local vendor, is able to provide PHD Public Health Laboratory and PHD Clinical Laboratory with special material on an immediate, as-needed basis. Vendors who are not local require at minimum two-day turn around time.

Siemens Medical Solutions provides supplies/reagents as part of a 60-month pricing agreement for a Chemistry Analyzer that was approved by your Board on August 14, 2007. An increased number of PSA, Total HCG and Thyroid tests ordered by providers required increased purchasing of reagents and supplies for testing so an increase to the amount (from \$50,000 to \$72,000) was requested and granted by your Board on June 23, 2007.

VETERINARY PHARMACEUTICALS

PHD Animal Services division has determined that no qualified local vendor for veterinary surgical supplies and pharmaceuticals, conducting business in Santa Barbara County, will provide discounts on wholesale prices to the shelter.

PHD Animal Services maintains contracts with a variety of non-local vendors for the purchase of vaccines, medications, and surgical supplies. Weekly supply orders are submitted to the vendors to identify specials and determine the most competitive pricing. *MWI Veterinary Supply* has consistently provided the most competitive pricing on most supplies.

MANDATES

The County is mandated to provide access to necessary medical care under California Administrative Code, Title 17, Chapter 3, Article 2, Sections 1276, 2500, 2502, 2503, and 2505; California Administrative Code, Title 17, Chapter 3, Subchapter 1; and Section 17000 of the Welfare and Institutions Code. These pharmaceutical and laboratory supplies are necessary in order for PHD to deliver the necessary medical care.

The County is also mandated under California Food and Agricultural Code Title 3, Sections 31101, 31105 and 31625 to seize and impound stray animals and those posing an immediate threat to public safety. While in the care of the County, these animals must receive veterinary treatment. The purchase of veterinary care supplies is necessary in order for PHD Animal Services to care for the lost and abandoned animals of Santa Barbara County.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

The funding for these bid waiver requests and the related appropriations are included in the Public Health Department's FY 2010-11 Adopted Budget and can all be found in the Santa Barbara County Operating Plan on page D-212 as part of the Family Health and Primary Care Cost Center except for MWI Veterinary Supply. The funding and related appropriation for MWI Veterinary Supply is included in the Operating Plan on page D-220 as part of the Community Health Cost Center.

This action will not result in the need for any additional facilities

Staffing Impacts:

Legal Positions:

0

FTEs:

0

There are no staffing impacts as a result of this action

Purchasing Bid Waivers Request

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Special Instructions:

Please return an electronic copy of the Minute Order to PHD Contracts Unit at PHDcu@sbcphd.org and one copy of the minute order to Purchasing, Attn: Gloria Ness.

Authored by:

Rose Davis, Contracts Unit Manager, Administration Division 681-5107